



ENTEL Results Fourth Quarter 2010

Investor Presentation



Main Events: First Place in National Consumer Prize



Estamos felices.

Por octavo año consecutivo, Entel es reconocida con el **Primer lugar Premio a la Calidad de Servicio** en la categoría "Telecomunicaciones Móviles". Porque nuestra vocación es ayudarte, entregándote la mejor atención y la red más avanzada y confiable de Chile. **Gracias.**



Para mayor información ver www.procalidad.cl

Main Events

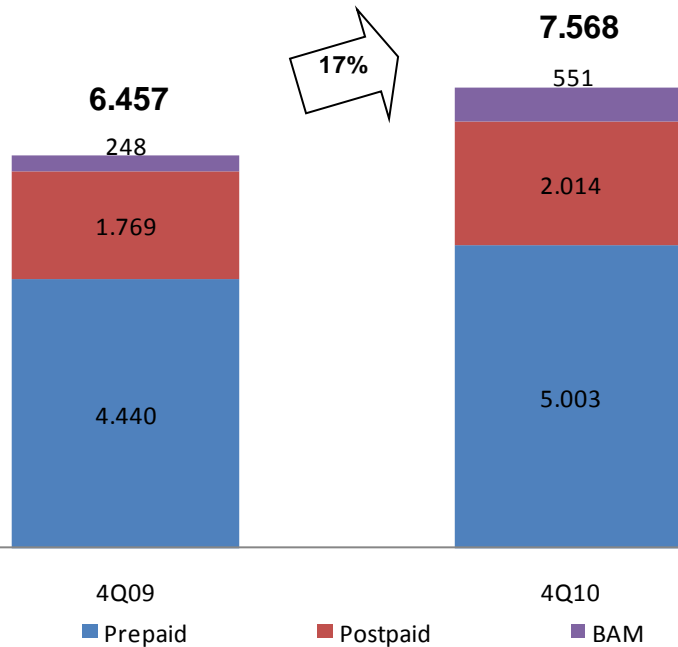
- ✓ A new organizational structure was announced to face the convergence of fixed and mobile technology and services. Mr. Richard Büchi, Entel's current CEO will serve as Executive Vice President of Grupo Entel, while Mr. Antonio Buchi will assume the position of CEO of the Chile wireline and mobile business. Both appointments are effective March 1, 2011.
- ✓ For the eighth consecutive year, Entel was awarded "First Place in the National Consumer Prize" within the Mobile category. Entel was the only telecom operator distinguished in 2010.
- ✓ In December 2010, the Company paid an interim dividend of Ch\$ 100 per share (Ch\$23,7 billion).
- ✓ Enactment of the DLD law was issued in December 2010, stating that in a period of 3 years, the 24 existing DLD areas will merge in a single one for all of the country.

Activity by Business Sector



Mobile Telephony

Entel's Mobile Subscribers (in thousands)



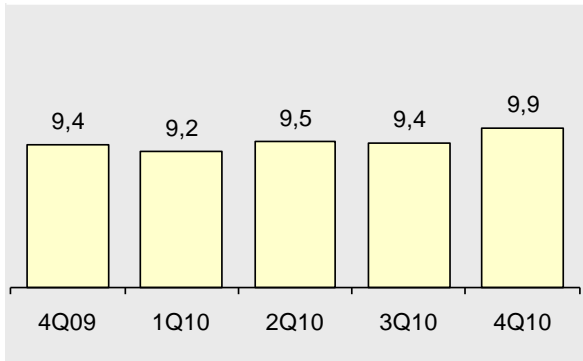
- ✓ Mobile market continued with a high expansion trend: Entel reported 7.6 million customers, representing 37% market share of active customers.
- ✓ Growth was fuelled principally in high-end segments, sustained by a 27% increase in post-paid, including mobile broadband (+122%, achieving 551k customers). Postpaid base represented 34% of total base.
- ✓ Market growth trend continues, especially mobile broadband and mobile Internet
- ✓ Prepaid segment grew 13%, driven by new offerings and the enhancement of alternative distribution channels.

Highlights

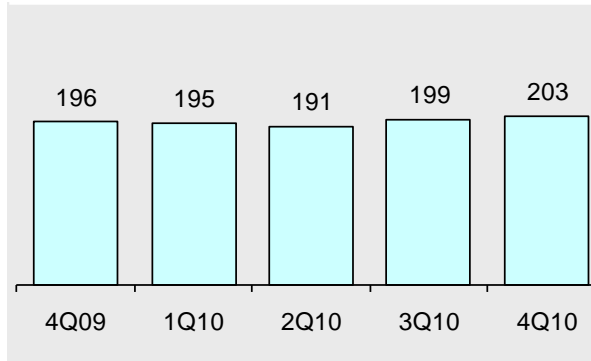
- ✓ The Company offers a variety of multimedia plans with unique devices such as the Samsung Galaxy tablet, operating under Android's 2.2 operating system.
- ✓ Focus on mobile broadband; positioning as the best network infrastructure, with simple services and best user experience: "wherever you can be connected".

Mobile Telephony

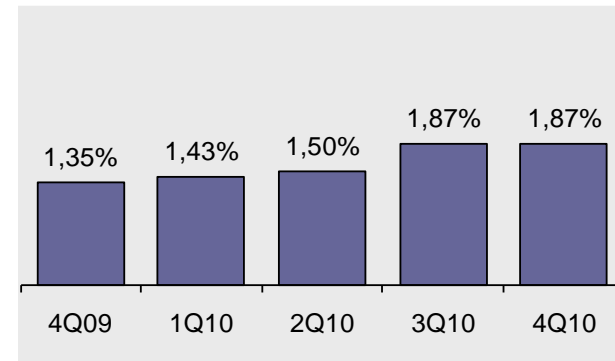
ARPU Average (thousands Ch\$)



MOU Average (minutes/month)



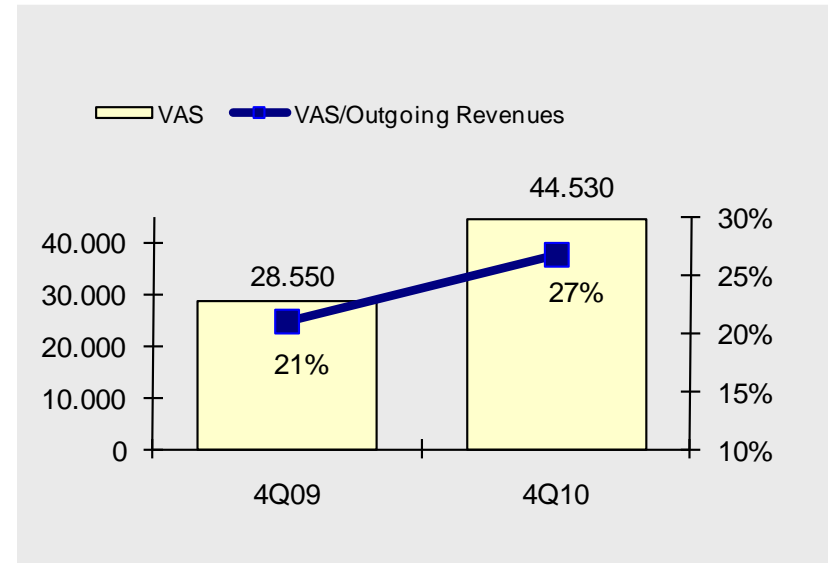
Average Monthly Churn



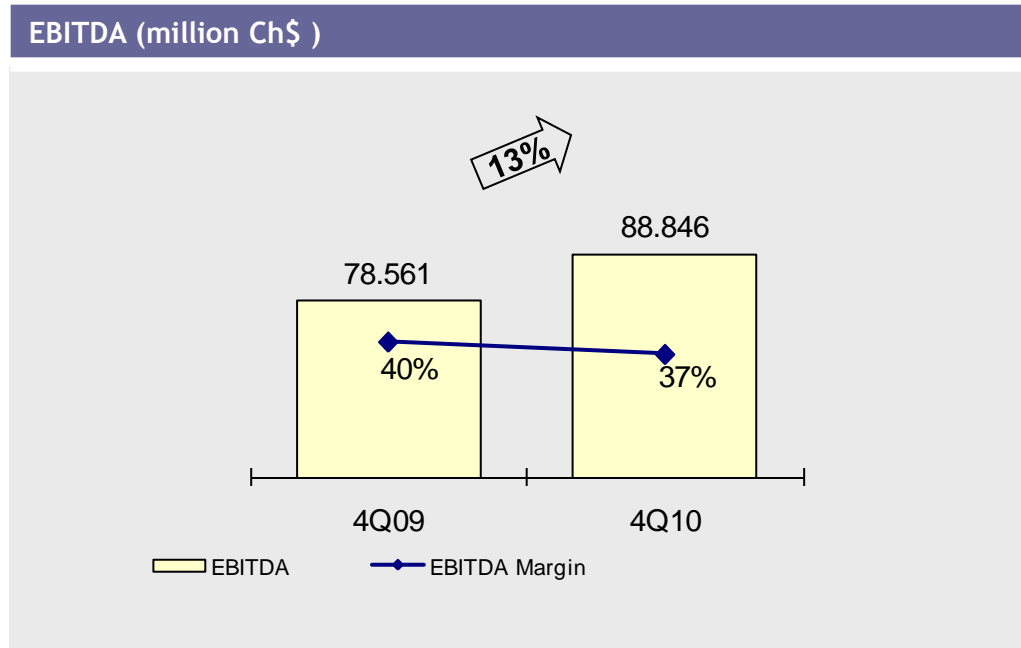
4Q010 vs 4Q09

- ✓ Blended ARPU grew (6%), driven by higher innovative VAS usage.
- ✓ MOU expanded 4%, associated with incoming and outgoing traffic, driven by the prepaid segment.
- ✓ Churn rate increased to 1.87% from 1.35% in 4Q09, due to strong promotions in the prepaid segment. Mobile broadband also increased.
- ✓ VAS revenues rose 56%, promoted by the expansion of mobile broadband (+122%) and the high demand of VAS services (i.e. multimedia plans).

VAS Revenues (million Ch\$)



Mobile Telephony



- ✓ EBITDA increased 13%, mainly explained by higher gross service margins (+22%) in-line with voice and data revenue growth (customer base expansion). This was partially offset by lower equipment sales margin mainly in the prepaid segment due to higher sales promotions. SG&A expenses also increased, driven by salaries (closing of the collective bargain process) and costs related to strong sales activity.
- ✓ EBITDA margin reached 37%, below the 40% reported in 4Q09.

EBITDA: Operating income + Depreciation+ Amortization + Impairment

Chile Wireline

Corporate and SME Segment

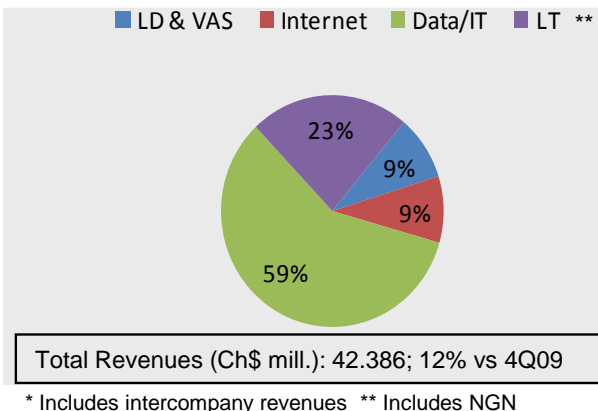
Data Services, Local Telephony,
Internet and Long Distance

4Q10 vs Q09

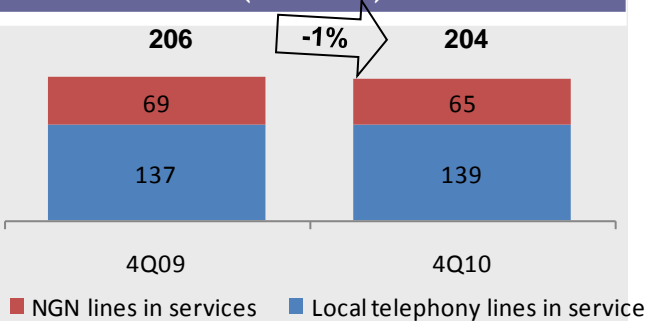
- ✓ To improve efficiency for its customers through high-quality and integrated solutions in data/IT, the Company launched a partners model to expand service offerings.
- ✓ Entel continues with the deployment of its fiber optic network (GPON) to enhance its position in the Corporate & SME segment providing enterprises advanced communication .
- ✓ Revenue grew 12%, fostered by IT/data services and Internet. The growth was driven by new IT contracts and the delivery of integrated solutions such as voice, data, Internet and convergent fixed/mobile services. Partially offsetting these expansions were decreases in LD and local telephony revenues related to DLD and lower traffic, respectively.

(*) Includes intercompany revenues.

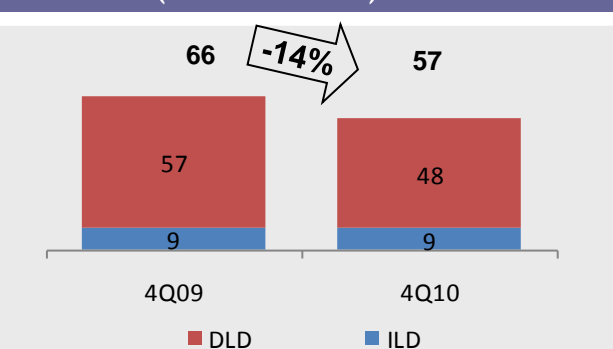
Corp & SME Revenue Distribution (4Q10) *



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

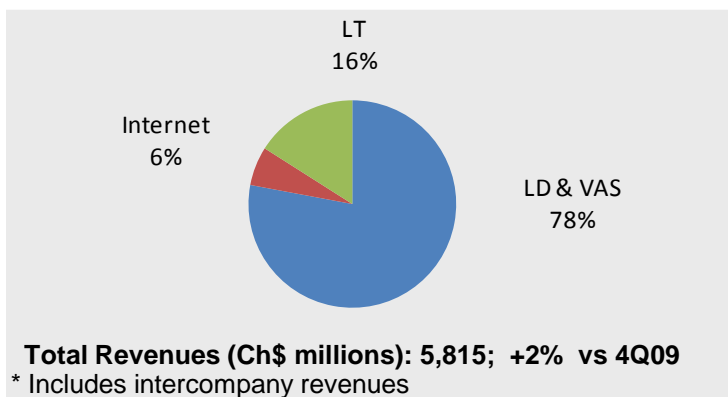


LD Traffic (million of min.)

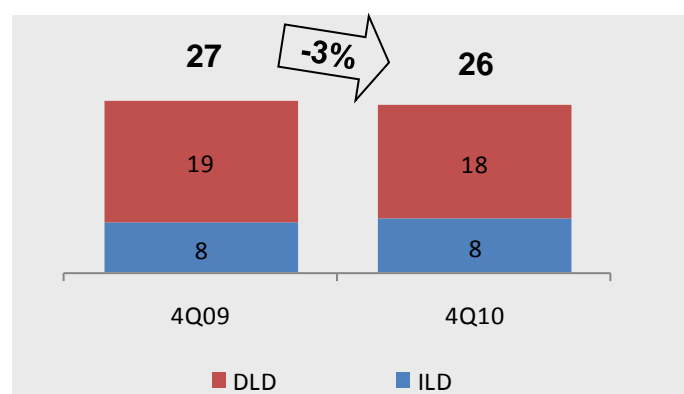


Residential Segment

Residential Revenue Distribution (4Q10) *



LD Traffic (million of minutes)



- ✓ Revenues increased, mainly in local telephony driven by the integration of Transam operations, partially offset by LD due to lower tariffs and traffic in DLD, while ILD traffic grew. Internet services declined in connection with the customer base reduction.
- ✓ Entel's ILD average market share reached 38%, stable when compared to 4Q09; while DLD was 30%.

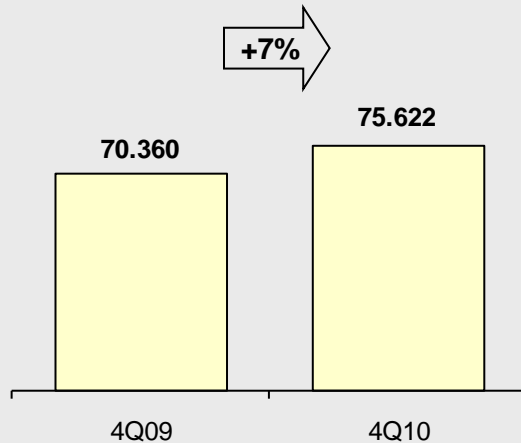
Infrac. Serv. to Other Telecom Comp. and others

Ch\$ (millions)	4Q10	4Q09	% Var.	3Q10	12M10	12M09	% Var.
Infraest. Serv. Telcos, Traffic B. and Others	28.915	26.097	11%	27.501	114.241	105.139	9%

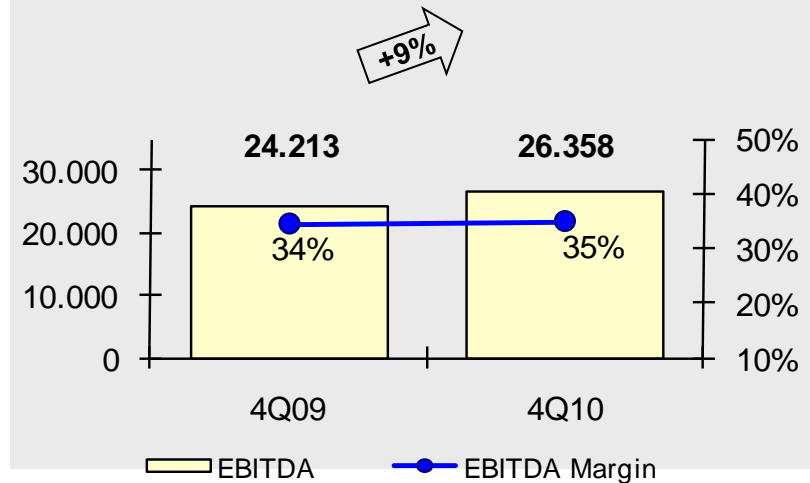
- ✓ Revenues posted 11% growth in rentals of infrastructure, principally in related companies (mobile business) and local fixed operators, partially offset by a decline in the low margin traffic business due to lower tariffs partially, offset by higher traffics.

Chile Wireline

Revenues (Ch\$ million)



EBITDA (Ch\$ million)

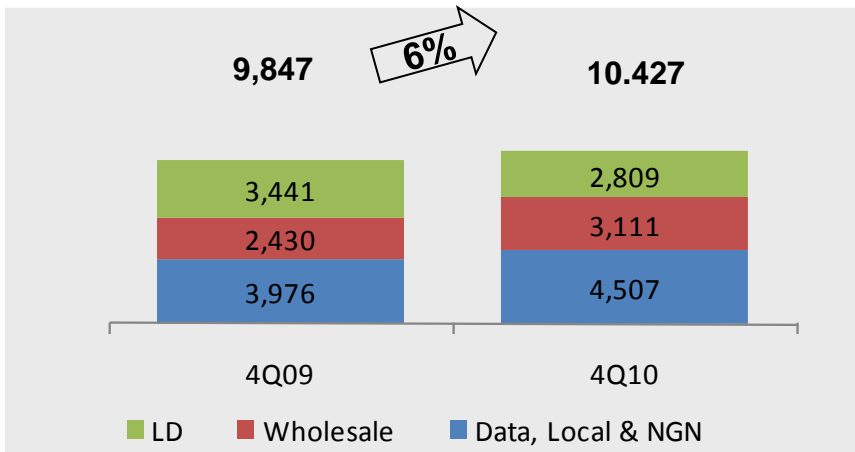


- ✓ Revenues grew across all segments, especially in the corporate and SME segment and network rentals.
- ✓ EBITDA and EBITDA margin increased mainly in the corporate and SME segment, primarily in Data and IT services.

Americatel Peru

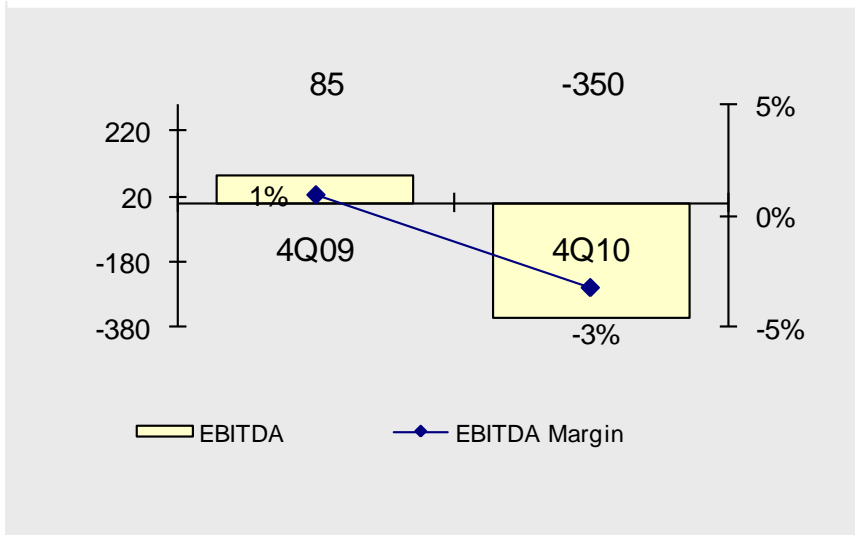
Revenues (US\$ thousands)

Exchange rate: 2.81 SOL/ US\$



- ✓ Revenue increased, explained by datacom and satellite services supplied to the enterprise segment. At the same time, wholesale increased due to higher average tariffs and traffic. Partially offsetting these, were the reduction in LD related to DLD revenues associated with the changes in regulation which removed DLD from mobile services, partially offset by higher ILD revenues due to the beginning of new rules for ILD calls from mobile phones, which now require a multicarrier code.

EBITDA Peru (US\$ thousands)



- ✓ EBITDA declined principally in line with advertising to promote ILD services from mobile, partially offset by datacom business margins.



Financial Results

Fourth Quarter 2010

- Consolidated Operating Results
- Non-Operating Results

- All figures are expressed in Chilean Pesos and are reported according to International Financial Reporting Standards (IFRS).
- The exchange rate at December 31, 2010 was Ch\$ 468.01/US\$1.
- Average inflation from 4Q09 to 4Q10 was 2.5%.

Consolidated Quarterly Results

	4Q10	4Q09	Change %
Net Revenues (CH\$ Million)	301.133	258.255	17%
Cost of operations	248.097	209.237	19%
EBITDA	115.614	103.120	12%
EBITDA Margin	38%	40%	
Operating Income	53.036	49.018	8%
Net Financing Expenses	(3.972)	(1.123)	-254%
Tax	(886)	(7.781)	89%
Net Income	48.177	40.114	20%

- ❑ **Revenues** increased, mainly combined with the expansion of the mobile business boosted by growth in the high-end customer base (27%) and ARPU (+6%). Chile wireline also improved.
- ❑ **EBITDA and EBIT** expanded, joined to the positives results in both businesses mobile and Chile wireline.
- ❑ **Net financing** cost increased associated with losses on mark-to-market accounting for hedging derivatives, partially offset by lower net financial expenses.
- ❑ **Net income** grew in line with higher operating income coupled with a positive impact on tax expenses related to certain legal entity reorganizations.

Consolidated Revenues

	4Q10	4Q09	Change %	Var millions\$
Net Revenues (CH\$ Million)	301.133	258.255	17%	42.878
Mobile services	235.950	196.372	20%	39.578
Data services (includes IT)	25.070	20.687	21%	4.382
Local telephony (includes NGN-IP)	10.479	9.963	5%	516
Long Distance	8.074	8.528	-5%	(454)
Internet	4.267	3.841	11%	426
Other telecommunication companies	4.355	4.070	7%	285
Traffic business	5.922	6.865	-14%	(943)
Americatel Perú	4.807	4.831	0%	(24)
Call Center and other services	2.051	2.211	-7%	(160)
Other Revenues- Non core	157	887	-82%	(729)

- ❑ Mobile services: increased generated by service revenue (+20%) in line with the customer base expansion 27% (mobile broadband +122%) coupled with a 6% ARPU expansion. ARPU grew in line with higher VAS usage. Equipment sales improved especially in the prepaid segment.
- ❑ Data services & IT: rose driven by new equipment/services in data center/IT services and integrated solutions supplied over MPLS-IP platforms in the corporate and SME segment.
- ❑ Local telephony: increased associated with the recent acquisition of Transam.
- ❑ Internet : rose in-line with services access provided to the SME segment.
- ❑ Other telecommunication companies: rose, boosted, by, network rentals to fixed line operators.
- ❑ Traffic business: declined as consequence of a reduction in tariffs, partially offset by higher traffic.
- ❑ Long distance: decreased affected by lower traffic and tariffs across all segments in DLD, partially offset by an increase in ILD due to higher tariffs in the corporate & SME segment and traffic in the residential segment.
- ❑ Other Revenues (Non-core): fell principally linked with the accounting of a net loss on the sale of disposable inventory, partially offset by facility rental revenue to other operators.

Consolidated Costs and Expenses

	4Q10	4Q09	Change %	Var millions\$
Cost of operations (CH\$ Million)	248.097	209.237	19%	38.860
Access Charges & Payments to corresp.	45.688	43.830	4%	1.858
Salaries & expenses	33.021	25.235	31%	7.786
Bad debt provision	6.216	4.200	48%	2.016
Advertising, Sales commissions & Sales Expenses	47.914	34.345	40%	13.569
Depreciation & amortization and Imperment	62.578	54.102	16%	8.476
Others (including Sup. and Equip. and Outs. services)	52.680	47.524	11%	5.154

- ❑ Advertising cost, sales commissions and expenses: increased triggered by higher sales activity in the mobile business, related to the customer base expansion. Also, Chile wireline and Americatel Peru expenses rose associated with the promotion of IT services and the start-up of mobile ILD multicarrier service, respectively.
- ❑ Depreciation, amortization and impairment: increased, aligned with the higher postpaid customer base (including mobile broadband) and 3.5G mobile network investments. In addition, Chile wireline and Americatel Peru accounted increases.
- ❑ Salaries & expenses: increased, basically in the mobile business and call center services, in line with payments related with the closing of the collective bargain process and higher activity, respectively. In addition, one time costs were accrued in relation to the organization process.
- ❑ Bad debt provisions: increased, principally in the mobile business in-line with the higher postpaid customer base, and in the Chile wireline due to the non-recurring benefit adjustment accounted In 4Q09.
- ❑ Access charges and payments to correspondents: increased, in-line with higher activity in the mobile business, partially offset by lower payments to correspondents in the traffic business associated with lower tariffs.
- ❑ Other costs: increased principally related to the mobile business in-line with data services demand, facilities rentals and maintenance due to the network expansion, partially offset by outsourced supplies and equipment services principally in the Chile wireline and mobile business.

Consolidated Non-Operating Results

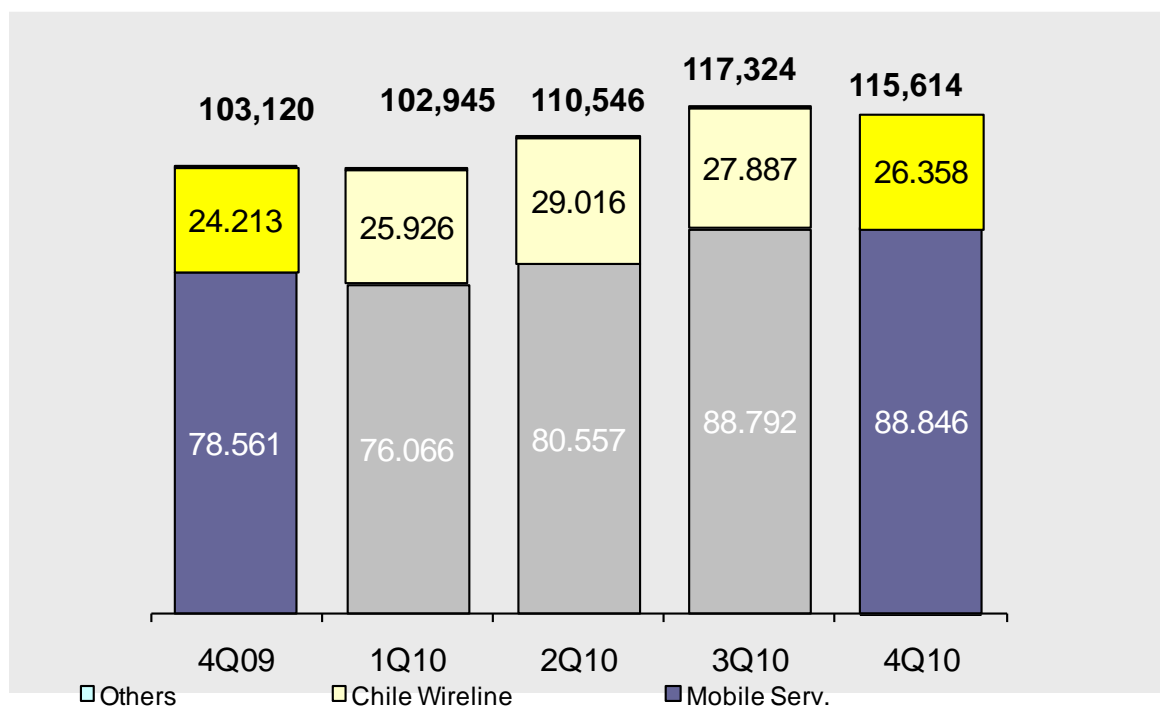
	4Q10	4Q09	Change %	Var millions\$
Financing cost and others (CH\$ Million)	(3.972)	(1.123)	-254%	(2.849)
Interest income	490	108	355%	382
Financial expenses	(2.602)	(2.827)	8%	225
Exchange Fluctuation & Mark to Market Accruals	(1.860)	1.597	n.a	(3.456)

- Net financing cost: increased mainly related to losses on mark-to-market accounting for hedging derivatives, partially offset by lower net financial expenses in the period.

Consolidated Cash Generation*

(Ch\$ million)

Var (%) 4Q10 / 4Q09= 12%



- EBITDA expanded, in-line with improvements in the mobile business (+13%) and Chile wireline (+9%).
- EBITDA margin reached 38%, lower compared to the 40% in 4Q09.

(* Operating Income + Depreciation + Amortization + Impairment.)

Simplified Free Cash Flow

(Ch\$ millions)	YTD	YTD
	Dec-10	Dec-09
EBITDA	446.429	401.358
CAPEX	(200.376)	(188.016)
Postpaid Handset Purchases	(90.365)	(73.011)
Net Financial Expenses	(8.931)	(10.184)
Cash Flow	146.757	130.146

- ❑ Net cash flow increased 13%:
 - ❑ EBITDA rose across all businesses, principally in the Chile wireline and mobile business.
 - ❑ CAPEX increased attributable to higher investments in data/IT datacenter, 3.5G project (“Todo Chile Comunicado”) and general infrastructure.
 - ❑ Postpaid handset purchases increased, in line with the customer base expansion including mobile broadband.
 - ❑ Net financial expenses declined mainly due to lower interest rates and lower outstanding commercial paper lines.

Consolidated Debt & Hedging

(Ch\$ millions)

Exchange rate: 483.65 Ch\$/ US\$

	YTD Dec-10	YTD Dec-09
Consolidated Average Gross Debt (Ch\$ MM)	330.045	366.344
Effective Interest Rate of the Period	2,68%	2,89%
Final Gross Financial Debt (Ch\$ MM)	293.791	339.243
Final Net Debt (Ch\$ MM)	282.701	341.624

Fully hedged to F/X exposure.

43% of debt is at fixed rates.

Financial Ratio Trends

	Dec-10	Dec-09
Current assets/Current liabilities	1,01	1,06
EBITDA/Financial expenses	45,09	35,36
Gross Financial debt/EBITDA*	0,66	0,85
Total liabilities/(equity + min. interest)	1,06	1,07

* EBITDA last 12 months.

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

Thank You



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