



## First quarter 2005 results

# ONO surpasses 1.5 million RGUs

- **Over 30,000 broadband internet customers added**
- **EBITDA margin rises to 38%**
- **Increases in residential customer penetration and ARPU**
- **Annualised EBITDA at €220 million**

**Madrid - 10 May 2005**

Grupo Corporativo ONO, S.A. ("ONO"), one of Spain's leading broadband services providers, announced today the consolidated unaudited results for the first quarter ended 31 March 2005. Highlights are as follows:

### GRUPO CORPORATIVO ONO

FINANCIAL HIGHLIGHTS	Quarter ended	Quarter ended	%	Quarter ended	%
	31-Mar-05	31-Dec-04	change	31-Mar-04	change
Revenues (euro thousand)	143.597	136.177	5,4%	115.187	24,7%
Gross profit (euro thousand)	103.276	98.156	5,2%	81.207	27,2%
Gross margin (%)	72%	72%	-0,2 pp	71%	1,4 pp
EBITDA (euro thousand)	54.633	50.085	9,1%	40.138	36,1%
EBITDA (margin)	38%	37%	1,3 pp	35%	3,2 pp

  

OPERATING HIGHLIGHTS	Quarter ended	Quarter ended	%	Quarter ended	%
	31-Mar-05	31-Dec-04	change	31-Mar-04	change
<b>Total customers</b>	<b>836.141</b>	<b>804.934</b>	<b>3,9%</b>	<b>719.190</b>	<b>16,3%</b>
<b>Residential market</b>					
Customers	813.645	783.765	3,8%	701.512	16,0%
Penetration	31,0%	30,7%	0,3 pp	30,9%	0,1 pp
Average monthly revenue per customer (€)	54,3	53,3	1,9%	52,5	3,4%
<b>Business market</b>					
Customers	22.496	21.169	6,3%	17.678	27,3%
Average monthly revenue per customer (€)	186,2	213,0	-12,6%	189,7	-1,8%
<b>Infrastructure</b>					
Homes passed	2.893.629	2.833.106	2,1%	2.577.571	12,3%

Commenting on the results, Richard Alden, ONO's Chief Executive Officer, said:

"2005 has started strongly. In an increasingly competitive environment, we have added 50,000 new RGUs in the quarter to take our total to over 1.5 million.

"Despite on-going market commentary regarding potential changes in ownership of certain telecommunications companies in Spain, at ONO we continue to focus on operating our business and providing our customers with high quality services. We have recently substantially improved our internet service offering and remain on-track to launch video-on-demand television services later this year."

Jonathan Cumming, Chief Financial Officer of ONO, added:

"The strong operational results in the first quarter are matched by an excellent financial performance. We have grown revenues by over 5% in the quarter and this, together with a continued strict focus on business efficiency and cost control, has led to a strong EBITDA result of €55 million and an improved EBITDA margin of 38%."



## **About ONO**

ONO is one of the leading broadband service providers in Spain. It offers direct access telephony, pay television and internet access services to the residential market where it has a potential market of over seven million homes. In the business market, ONO offers advanced voice, data and value added services across its own high capacity local access and national backbone networks. ONO's shareholders are Bank of America, Caisse de dépôt et placement du Québec, General Electric, Grupo Ferrovial, Grupo Multitel, Santander Central Hispano, Sodinteleco and VAL Telecomunicaciones.

## **Safe Harbor Statement under the Private Securities Litigation Reform Act 1995**

Certain statements in this release are "forward-looking statements" intended to qualify for the safe harbour under liability established by the Private Securities Litigation Reform Act of 1995 and are subject to material risks and uncertainties. Actual results could differ materially from those stated or implied by those forward looking statements due to risks and uncertainties associated with the ONO group business which include, among others, competitive developments, risks associated with the group's growth, the development of the group's markets regulatory risks and other risks which are presented in the group's filings with the Securities and Exchange Commission.

## **Further information**

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### Other

[www.ono.es](http://www.ono.es) – Investor Relations

[www.sec.gov](http://www.sec.gov) – EDGAR



**GRUPO CORPORATIVO ONO  
OPERATING STATISTICS**

	Quarter ended <u>31-Mar-05</u>	Quarter ended <u>31-Dec-04</u>	% <u>change</u>	Quarter ended <u>31-Mar-04</u>	% <u>change</u>
<b>Residential services</b>					
Customers	813.645	783.765	3,8%	701.512	16,0%
Penetration	31,0%	30,7%	0,3 pp	30,9%	0,1 pp
ARPU - euro	54,3	53,3	1,9%	52,5	3,4%
<b>Telephony</b>					
Customers	718.456	697.934	2,9%	630.581	13,9%
Penetration	27,3%	27,4%	-0,1 pp	27,8%	-0,5 pp
ARPU - euro	30,8	29,7	3,7%	30,2	2,0%
<b>Television</b>					
Customers	448.357	445.484	0,6%	415.914	7,8%
Penetration	17,1%	17,5%	-0,4 pp	18,1%	-1 pp
ARPU - euro	24,5	24,2	1,2%	22,9	7,0%
<b>Broadband internet</b>					
Customers	345.053	314.701	9,6%	244.208	41,3%
Penetration	13,2%	12,3%	0,9 pp	10,8%	2,4 pp
ARPU - euro	31,8	32,1	-0,9%	31,8	0,0%
Customer churn (annualised)	14,4%	14,2%	0,2 pp	11,9%	2,5 pp
<b>Business services</b>					
Customers	22.496	21.169	6,3%	17.678	27,3%
ARPU - euro	186,2	213,0	-12,6%	189,7	-1,8%
<b>Infrastructure</b>					
Homes passed	2.893.629	2.833.106	2,1%	2.577.571	12,3%
Homes released / homes passed	90,6%	90,0%	0,6 pp	88,0%	2,6 pp



**GRUPO CORPORATIVO ONO**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

Unaudited figures (Euro thousand)

	Quarter ended <u>31-Mar-05</u>	Quarter ended <u>31-Dec-04</u>	Quarter ended <u>31-Mar-04</u>
<b>REVENUES</b>			
Residential services			
Telephony	65.335	61.197	54.228
Television	32.819	31.955	27.005
Internet	31.903	29.331	22.860
Business and other services	13.540	13.694	11.094
<b>Total revenues:</b>	<b>143.597</b>	<b>136.177</b>	<b>115.187</b>
<b>COST OF SERVICES</b>	<b>(40.321)</b>	<b>(38.021)</b>	<b>(33.980)</b>
<b>GROSS PROFIT</b>	<b>103.276</b>	<b>98.156</b>	<b>81.207</b>
<b>OPERATING EXPENSES</b>			
Gross expense	(54.318)	(54.092)	(45.792)
Capitalized costs	5.675	6.021	4.723
<b>Total operating expenses:</b>	<b>(48.643)</b>	<b>(48.071)</b>	<b>(41.069)</b>
<b>EBITDA</b>	<b>54.633</b>	<b>50.085</b>	<b>40.138</b>
<b>DEPRECIATION &amp; AMORTIZATION</b>	<b>(34.372)</b>	<b>(35.581)</b>	<b>(28.801)</b>
<b>OPERATING PROFIT</b>	<b>20.261</b>	<b>14.504</b>	<b>11.337</b>
<b>OTHER EXPENSE</b>			
Amortization of goodwill	(4.935)	(2.153)	(3.493)
Interest expense, net	(27.158)	(26.667)	(24.930)
Foreign exchange (loss) / profit	(215)	113	(470)
<b>Total other expense:</b>	<b>(32.308)</b>	<b>(28.707)</b>	<b>(28.893)</b>
<b>LOSS FROM ORDINARY ACTIVITIES</b>	<b>(12.047)</b>	<b>(14.203)</b>	<b>(17.556)</b>
Extraordinary (expense) / income, net	(17.782)	(23.972)	1.985
Income tax	4.854	(4.003)	2.784
Minority interests	0	2.946	2.576
<b>NET LOSS</b>	<b>(24.975)</b>	<b>(39.232)</b>	<b>(10.211)</b>

**GRUPO CORPORATIVO ONO**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
Unaudited figures (Euro thousand)

	<u>31-Mar-05</u>	<u>31-Dec-04</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	1.158	4.669
Short-term investments, net	10.507	22.370
Accounts receivable and other current assets	67.817	63.044
<b>Total current assets:</b>	<b>79.482</b>	<b>90.083</b>
<b>Fixed assets</b>		
Start-up costs, net	11.913	13.229
Intangible assets, net	188.559	191.209
Tangible assets, net	1.687.399	1.658.792
Financial assets, net	279.144	273.583
<b>Total fixed assets:</b>	<b>2.167.015</b>	<b>2.136.813</b>
<b>Goodwill on consolidation</b>	<b>234.369</b>	<b>239.304</b>
<b>Deferred expenses, net</b>	<b>41.483</b>	<b>35.228</b>
<b>TOTAL ASSETS</b>	<b>2.522.349</b>	<b>2.501.428</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Short-term debt	48.886	38.345
Accrued interest expense	13.686	15.697
Accounts payable and other current liabilities	345.347	367.889
<b>Total current liabilities:</b>	<b>407.919</b>	<b>421.931</b>
<b>Long-term debt</b>		
Senior bank facility	850.000	789.000
Senior subordinated notes	458.892	456.547
Other	36.437	36.703
<b>Total long-term debt:</b>	<b>1.345.329</b>	<b>1.282.250</b>
<b>Other long-term liabilities</b>	<b>46.109</b>	<b>49.642</b>
<b>Commitments and contingencies</b>	<b>10.457</b>	<b>10.095</b>
<b>Shareholders' loan</b>	<b>3.400</b>	<b>3.400</b>
<b>Shareholders' equity</b>		
Common stock	979.346	979.346
Share premium	173	173
Accumulated deficit, beginning of period	(245.409)	(160.495)
Net loss for the period	(24.975)	(84.914)
<b>Total shareholders' equity:</b>	<b>709.135</b>	<b>734.110</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2.522.349</b>	<b>2.501.428</b>

**GRUPO CORPORATIVO ONO**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

Unaudited figures (Euro thousand)

	Quarter ended <u>31-Mar-05</u>	Quarter ended <u>31-Dec-04</u>	Quarter ended <u>31-Mar-04</u>
<b>EBITDA</b>	<b>54.633</b>	<b>50.085</b>	<b>40.138</b>
Capex	(58.972)	(100.778)	(48.043)
Change in working capital	(15.452)	62.519	(4.610)
Other	(2.352)	(2.927)	(2.185)
<b>OPERATING FREE CASH FLOW</b>	<b>(22.143)</b>	<b>8.899</b>	<b>(14.700)</b>
Shares acquisition	0	(28.755)	0
Paid interests, net	(25.540)	(22.889)	(27.722)
<b>FREE CASH FLOW AFTER DEBT SERVICE</b>	<b>(47.683)</b>	<b>(42.745)</b>	<b>(42.422)</b>
Senior bank facilities	61.000	20.000	28.975
Contributions / debt from shareholders	0	0	656
Sale of notes	0	5.057	0
State subsidies	(509)	9.315	0
Short term credit lines	10.861	9.118	7.132
Other financing items	(27.180)	(668)	(599)
<b>CASH FLOW FROM FINANCING</b>	<b>44.172</b>	<b>42.822</b>	<b>36.164</b>
<b>NET CASH FLOW</b>	<b>(3.511)</b>	<b>77</b>	<b>(6.258)</b>
<b>CASH BEGINNING OF PERIOD</b>	<b>4.669</b>	<b>4.592</b>	<b>6.802</b>
<b>CASH FROM ACQUIRED COMPANIES</b>	<b>0</b>	<b>0</b>	<b>5.738</b>
<b>CASH END OF PERIOD</b>	<b>1.158</b>	<b>4.669</b>	<b>6.282</b>