



Q4 and full year 2005 results

23 March 2005

Grupo Corporativo ONO, S.A.
Investor Relations

Disclaimer



This document contains statements that can constitute forward-looking statements in its general meaning and within the meaning of the Private Securities Litigation Reform Act of 1995. The forward-looking statements in this document can be identified, in some instances, by the use of words such as “believe,” “expect,” “intend,” “will,” “positioned,” “guidance”, “project,” “risk,” “plan,” “may,” “eliminate” or words of similar meaning or their negative thereof. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

You are cautioned not to rely unduly on forward-looking statements when evaluating the information presented in this document as forward-looking statements are not guarantees of future performance and that our actual financial condition, results of operations and cash flows, and the development of the industry in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this document as a result of various factors.

Consequently, our current business plan, anticipated actions and future financial condition, results of operations and cash flows, as well as the anticipated development of the industry in which we operate, may differ from those expressed in any forward-looking statements made by us. We encourage you to consult the Company’s Annual Report and, specifically, the periodic and annual reports filed within the SEC.

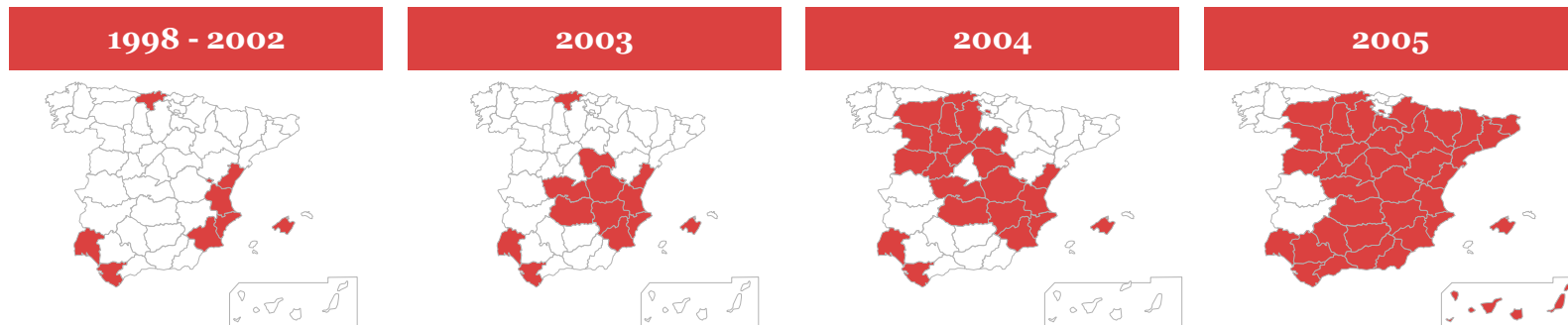
We have no obligation to, and do not intend to, update publicly or revise any forward-looking statements in this document, whether as a result of new information, future events or otherwise.

The financial information contained in this document has been prepared under Spanish GAAP. This financial information is unaudited and, therefore, is subject to potential future modifications.

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Pro forma information included in this document has been prepared based on historical unaudited financial information of ONO and Auna. Pro forma financial and operating data is provided for informational purposes only and do not purport to represent what our financial condition or results of operations would actually have been if the Auna acquisition or other transactions had in fact occurred on the dates indicate, nor do they purport to project our financial condition or results of operations as of any future date or for any future period. Readers of this document are cautioned not to place undue reliance on this unaudited pro forma information

2005: ONO consolidates cable in Spain



- ONO launched in 11 greenfield franchises
 - New franchise area awarded (Castilla-La Mancha)
 - Acquisition of Retecal
 - Acquisition of Auna
-
- Creating the only cable operator with national scale and reach in Spain
 - Cable network covers all major cities; and all cities with over 500,000 inhabitants (8 largest cities)
 - 5.7 million homes marketable through cable network
 - ULL presence in approx. 50 municipalities including major cities
 - The acquisition of Auna provides New ONO with:
 - Scale: 1.7 million residential cable customers
 - Diversification of revenues: ~ 65% from residential market, and ~35% from business market
 - Efficiency opportunity – 2005 EBITDA margin of 42% for Old ONO vs 18% for Auna

DISCLAIMER

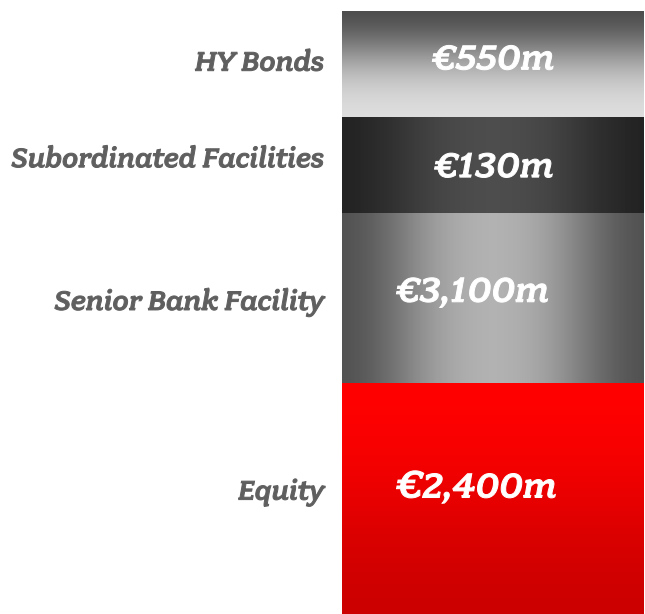
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Financial Support

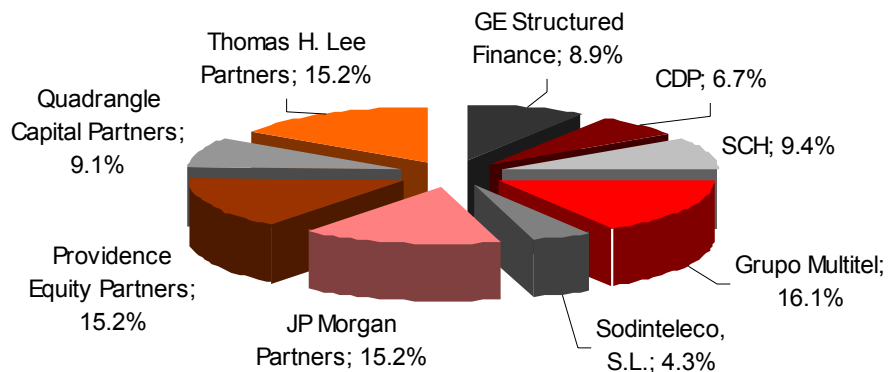


Financial resources

€6,180m



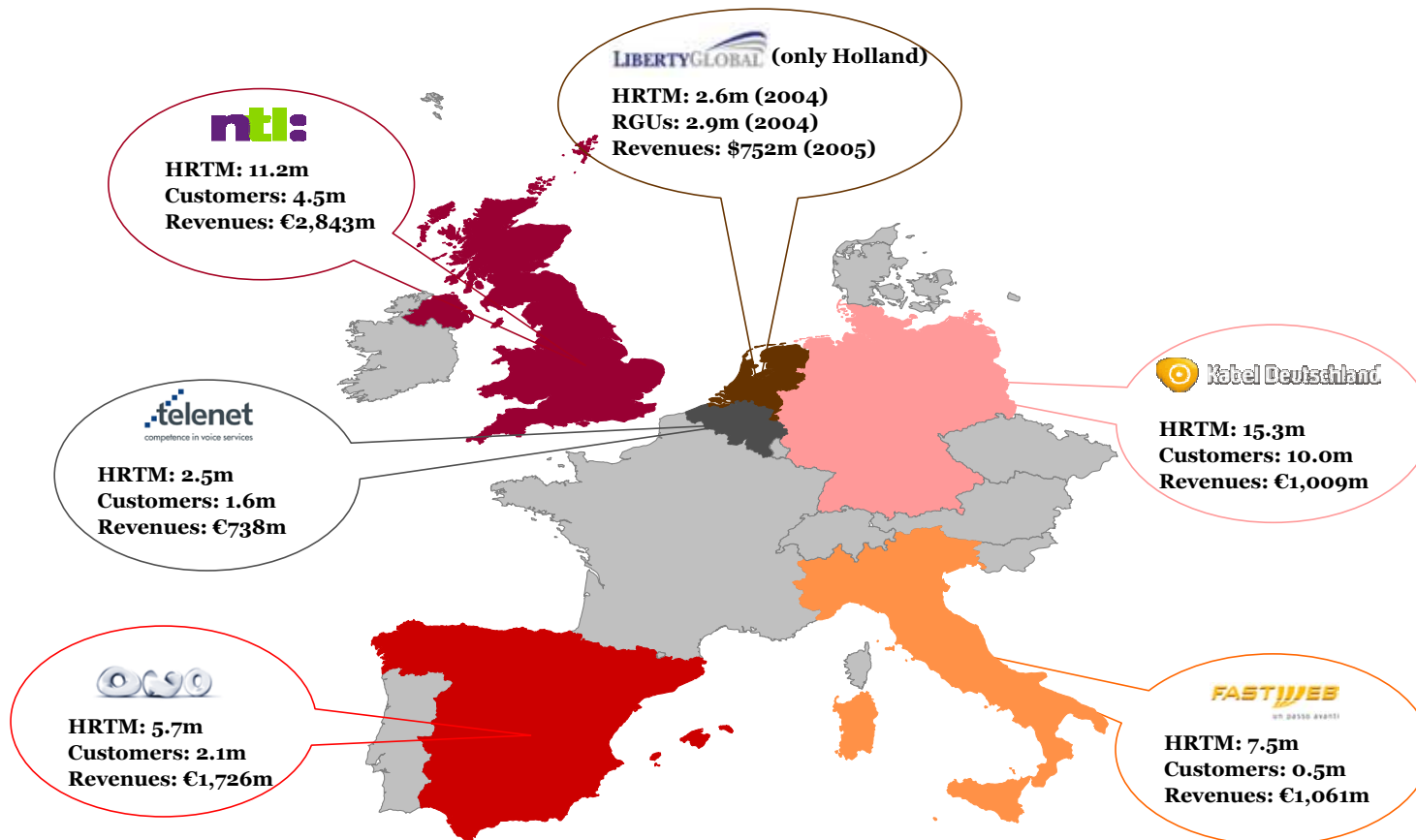
- Equity injection of €1,000 million
 - 4 new shareholders
 - Re-newed commitment from existing shareholders
- Complete debt refinancing in Q4 2005
 - €3,100m senior debt
 - €130m subordinated debt
 - €270m new HY bonds (Feb 2006)



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Benchmark player in Europe



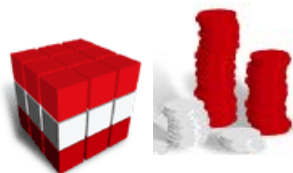
Source: companies websites

Note: FY 2005 data for ONO, Telenet and NTL; Q3 2005 data for Fastweb and Kabel Deutschland (KDG third quarter ends December 31, 2005)




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Competitive environment






€36
(Offer price; normally €57)

 National free calls
 150 TV channels & VOD
 4 mbps

Telefónica

€40
+€13 of line rental
(Offer price; normally €66)



 National free calls
 45 TV channels & VOD
 1 mbps



ADSL
MÁXIMA
VELOCIDAD






€20
+€13 of line rental
(Offer price; normally €49)

 National free calls
 Up to 20 mbps

JAZZTEL

€22
+€13 of line rental
(Offer price; normally €50)

 National free calls
 30 TV channels
 Up to 20 mbps

Source: companies websites on 22 March 2006

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Full year 2005 results

Full year 2005



	2005		2004	2005 Growth	
	ONO	Old ONO	Old ONO	Organic	Total
Operating					
Cable					
HRTM ('000)	5,652	2,901	2,550	13.8%	121.7%
Customers ('000)	1,660	883	784	12.6%	111.8%
RGUs ('000)	3,129	1,685	1,468	14.8%	113.2%
Financial					
Revenue (€m)	1,726	595	502	18.5%	244.1%
EBITDA (€m)	458	250	185	35.2%	147.2%
Capex (€m)	783	246	277	-11.2%	182.3%
Op. FCF (EBITDA - Capex) (€m)	-325	4	-92	na	na

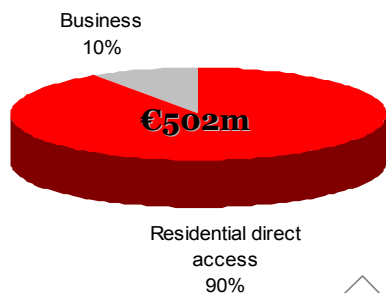
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with diversified revenues and strong revenue growth...

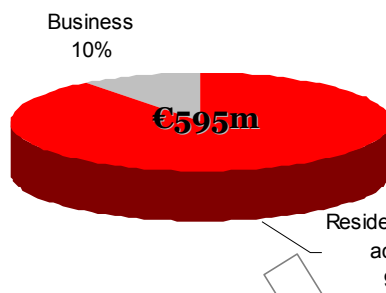


Old ONO 2004

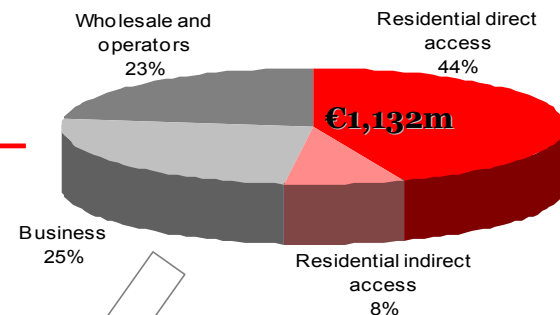


+19%

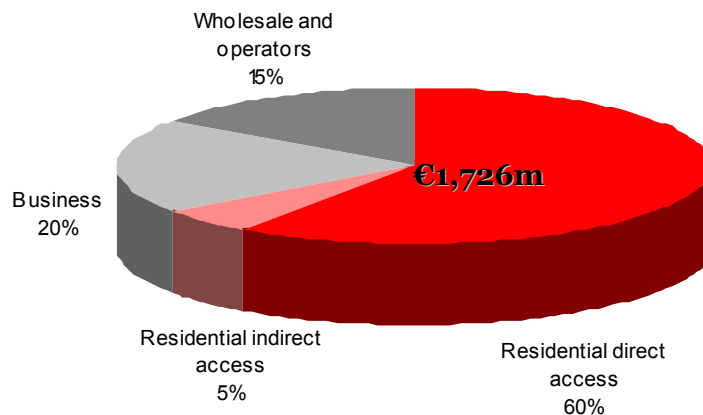
Old ONO 2005



Auna 2005



ONO 2005 (Pro forma)



+244%

Annual growth organic rate

Annual growth total rate

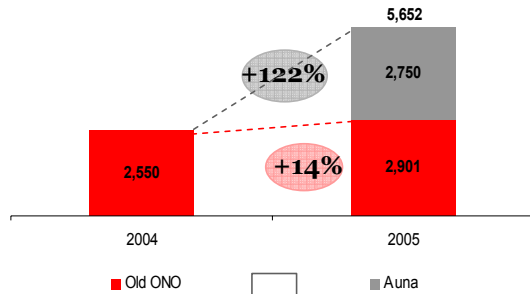
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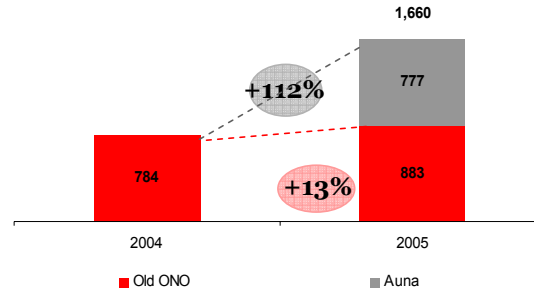
Supported by operating growth in the residential market...



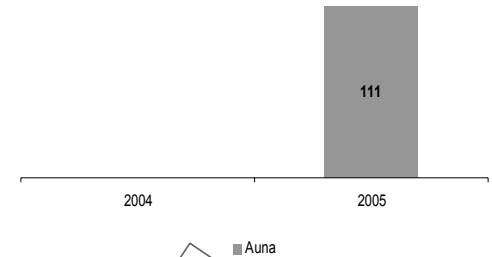
HRTM ('000)



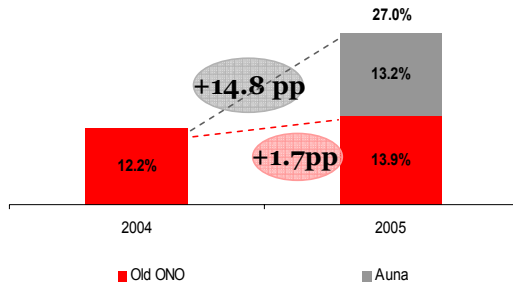
Residential Cable Customers ('000)



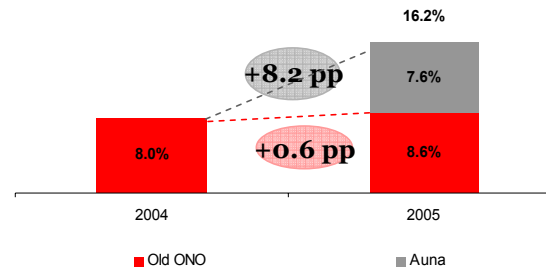
Residential ULL Customers ('000)



Cable coverage (% of homes in Spain)



Market share of residential accesses



Source: INE

Annual growth organic rate
 Annual growth total rate

Source: companies websites and ONO estimates

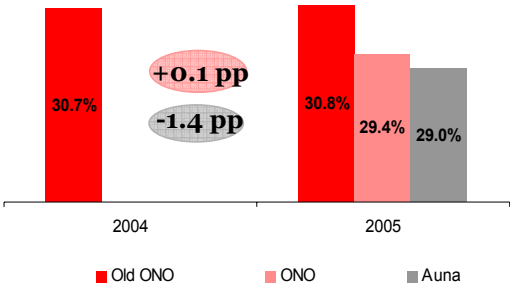
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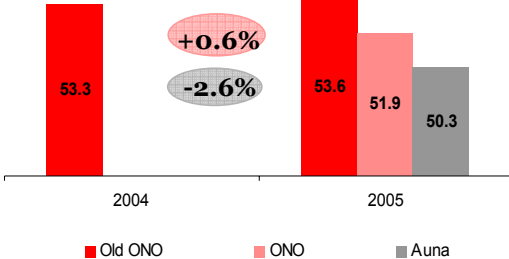
... leveraging on ONO's success...



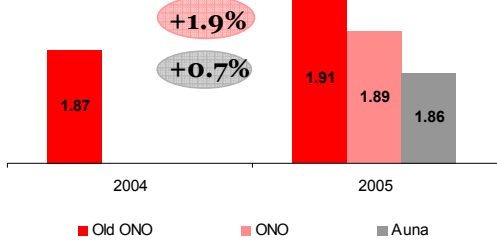
Residential penetration



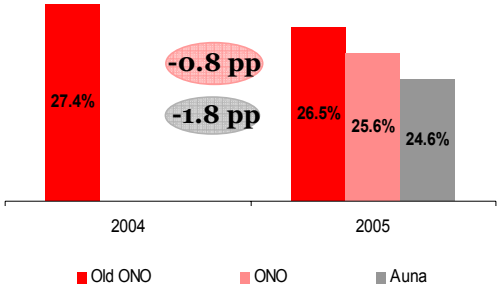
Residential ARPU (€)



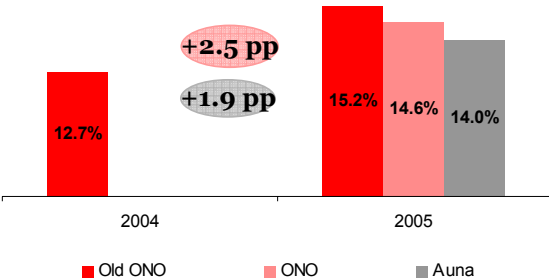
RGUs per customer



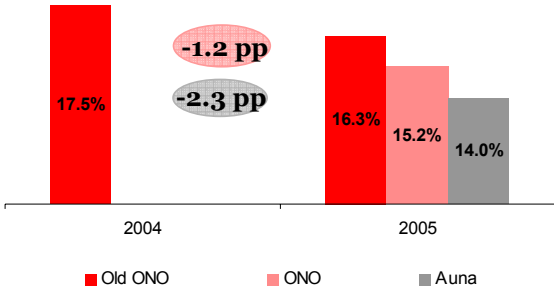
Telephony penetration



Broadband penetration



Television penetration



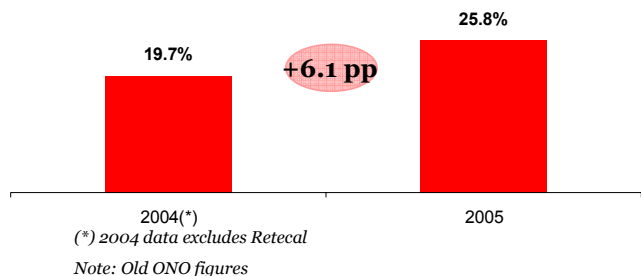
Annual growth organic rate
 Annual growth total rate

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... on the triple play strategy...



3 play customers



ONO 3D



National free calls



150 channels



4 Mbps



€36.39

Product

- Competitively priced bundles of services
- Flat rate tariffs for most services
- Free installation
- Free calling within the ONO community
- Free information service, 11828
- Leading internet services - speeds, capacity, provisioning
- Value added services, e.g. internet security, advanced cpe
- Extensive television offering, with access to free VoD



Annual growth organic rate

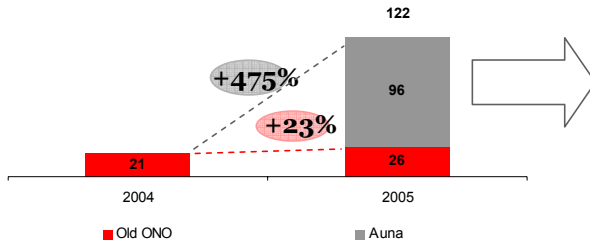
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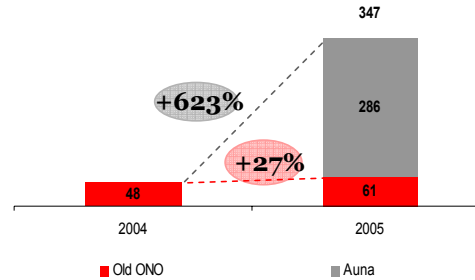
... and enhanced by Auna's contribution in the business market



Business customers ('000)



Business revenues (€m)





Product

- Launch of competitive offers
- Simple bundles at competitive prices
- Own network allows for QoS and SLAs
- VoIP
- Mobility solutions
- Sophisticated services on demand:
 - Voice VPN
 - Internet data center
 - Data VPN

Wholesale and operators revenues (€m)



- Wholesale services over our national network
 - Nat. & internat. voice transit
 - IP transit for Internet
 - Leased lines

 **Annual growth organic rate**
 **Annual growth total rate**

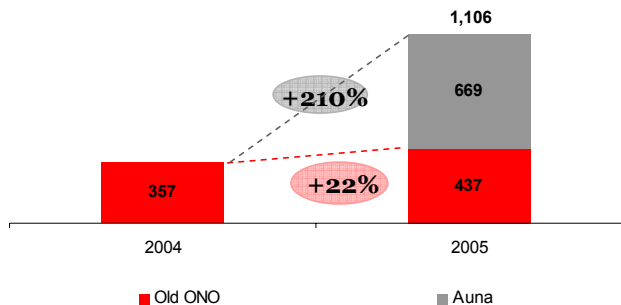
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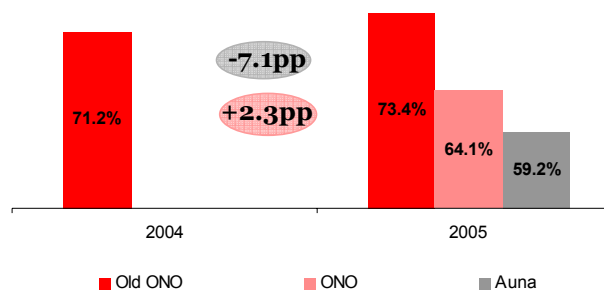
Cost control to increase profitability...



Gross profit (€m)

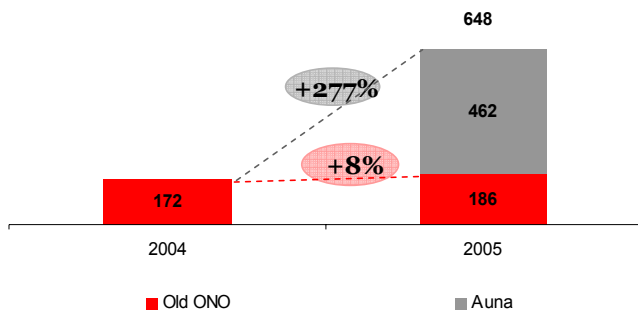


Gross margin

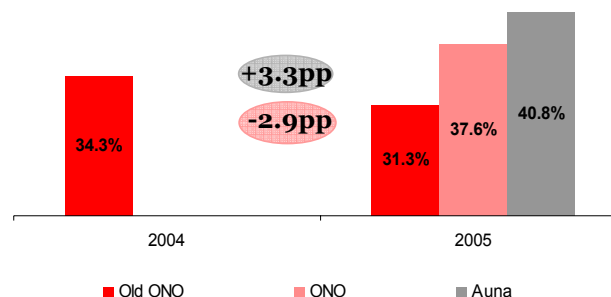


Note: ONO 2005 Pro forma figures

Opex (€m)



Opex as % of revenues



Note: ONO 2005 Pro forma figures



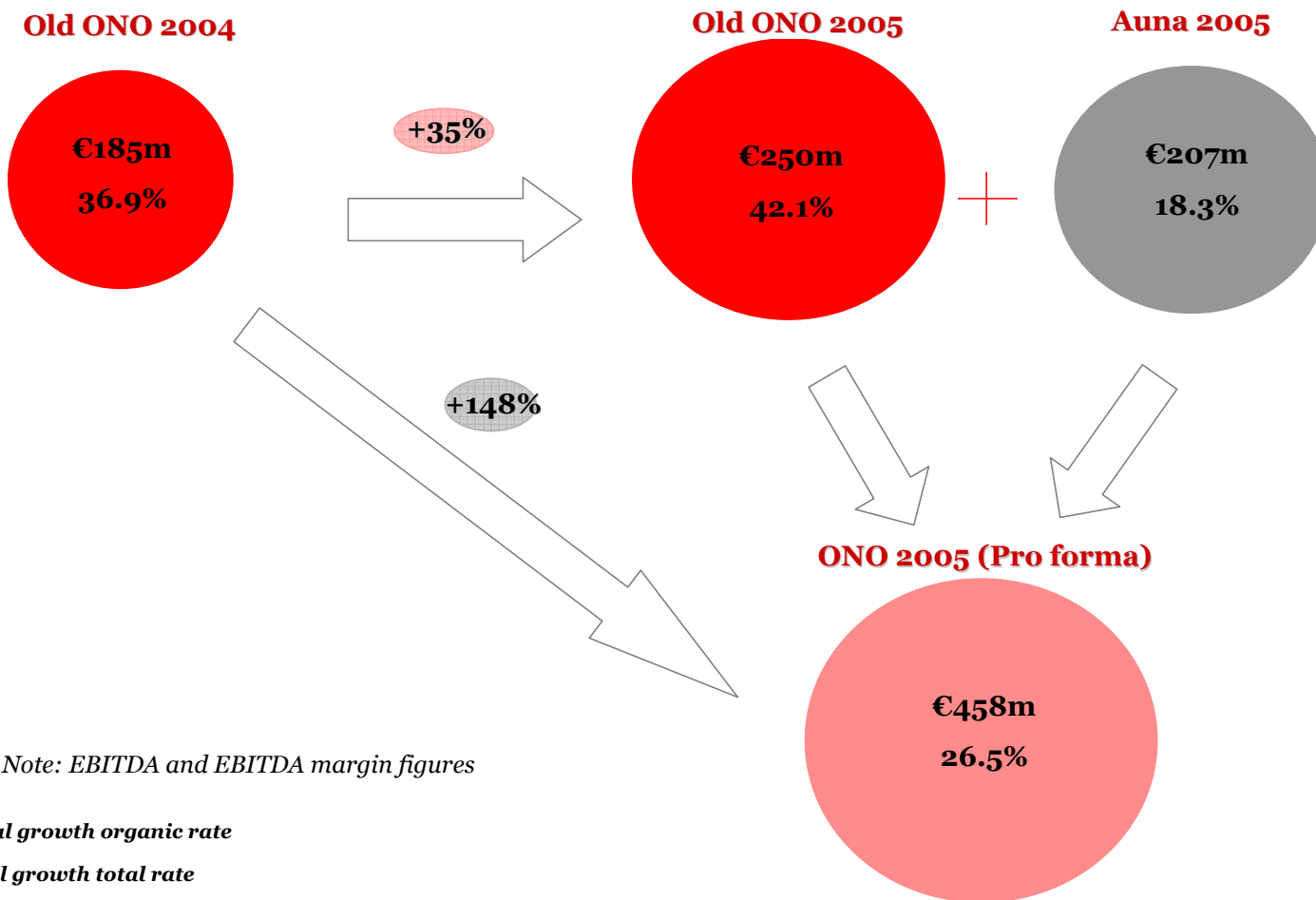
Annual growth organic rate

Annual growth total rate

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...growing EBITDA



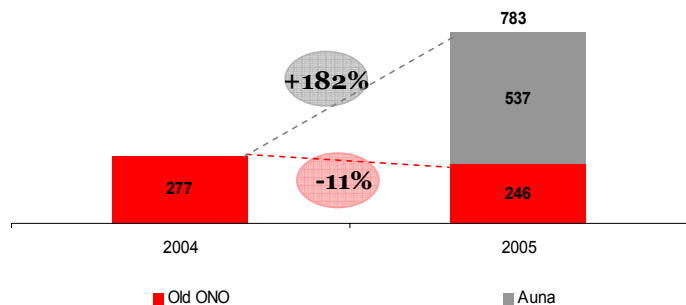
Note: EBITDA and EBITDA margin figures

- Annual growth organic rate
- Annual growth total rate

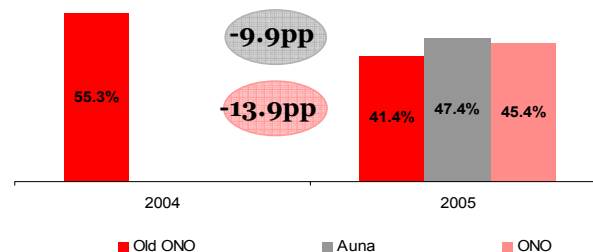
Selective Capex ...



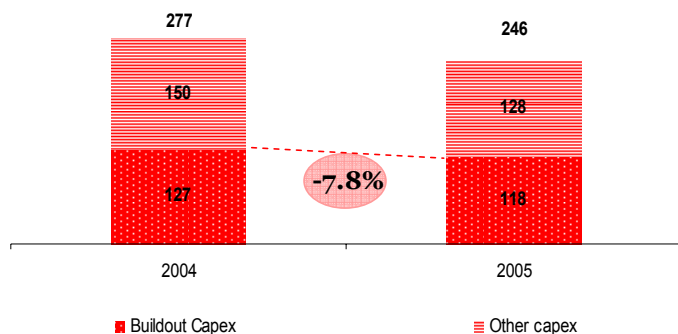
Capex (€m)



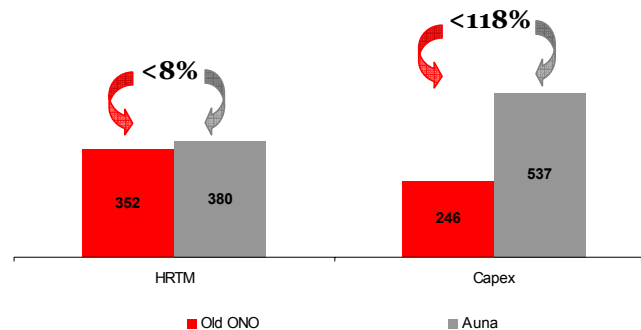
Capex/Revenues



Buildout capex (Old ONO) (€m)



Capex (€m) vs HRTM ('000)



● *Annual growth organic rate*
● *Annual growth total rate*

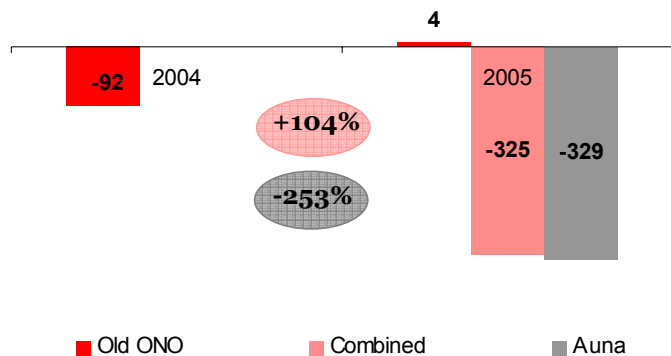
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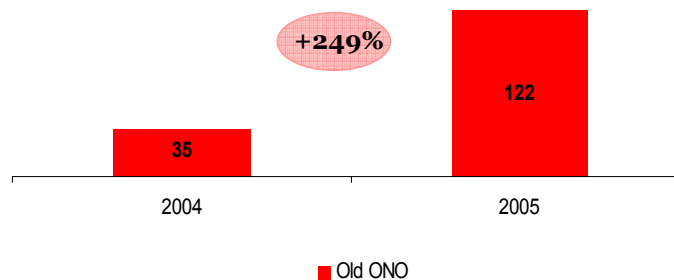
...towards positive operating FCF



Op. FCF (€m)



Op. FCF (ex. Buildout) (€m)



Annual growth organic rate



Annual growth total rate

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The challenge

The transformation



Focus	<ul style="list-style-type: none"> Local but with national reach 	<ul style="list-style-type: none"> Large, national approach
Structure	<ul style="list-style-type: none"> Born as one group 	<ul style="list-style-type: none"> Conglomeration of many different companies
Story	<ul style="list-style-type: none"> Simple story and simple products - direct access 	<ul style="list-style-type: none"> Complex story - different access technologies
Revenues	<ul style="list-style-type: none"> 90% residential cable revenues 	<ul style="list-style-type: none"> 40% residential cable revenues
ARPU s	<ul style="list-style-type: none"> High ARPU and margins 	<ul style="list-style-type: none"> Low ARPU and margins
Strategy	<ul style="list-style-type: none"> Bundling strategy 	<ul style="list-style-type: none"> Individual service focus
Processes	<ul style="list-style-type: none"> Established and honed processes and procedures 	<ul style="list-style-type: none"> Outsourcing of strategic functions before operating efficiency achieved
Q&A	<ul style="list-style-type: none"> Brand and quality of service orientation 	<ul style="list-style-type: none"> Technology driven rather than customer driven
Reporting	<ul style="list-style-type: none"> Discipline of results focus 	<ul style="list-style-type: none"> No external reporting

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Going back to basis...



- **...drawing on past success of ONO focusing on:**
 - Customer care
 - Quality of service
 - Exciting bundled products and services
 - Competitive price points
 - Strong brand
 - Fibre rich, own network
 - Value added services

- **...and above all, leveraging on:**
 - Implementation of ONO procedures and systems
 - Substantial operating efficiencies and synergies from integration
 - Return focused review of new business and access technologies
 - Measured, returns based, discretionary capital investment programme
 - Deep, diversified management structure
 - Sensible financial and financing strategy

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to achieve integration savings...



- Transformation focus → 120 projects
- Savings expected in 2006 → €60-€80m
- Restructuring costs expected in 2006 → €100-€150m

Sales & marketing (25% savings)

- Implementation of ONO's sales and marketing model in Auna
 - Auna's marketing and sales expenses in 2005 are c.2.3x ONO's
- Salesforce training, management of inbound calls, reduction in early cancellations

Efficiencies (35% savings)

- Rationalisation of duplicated functions and implementation of ONO's processes in Auna
- Network overlaps, merger of departments, renegotiation of subcontractors and suppliers at Auna
 - Network systems costs in Auna in 2005, more than 3x ONO's
- Full savings are expected to come in the medium-term (50% savings in 2008)

Headcount reductions (25% savings)

- Ongoing negotiations with unions
- Elimination of duplicated roles and introduction of ONO procedures in Auna

SG&A (15% savings)

- Reduction of central costs (i.e. corporate expenses, including premises)
- Implementation of ONO's IT systems in Auna (Auna IT costs are 5x ONO)

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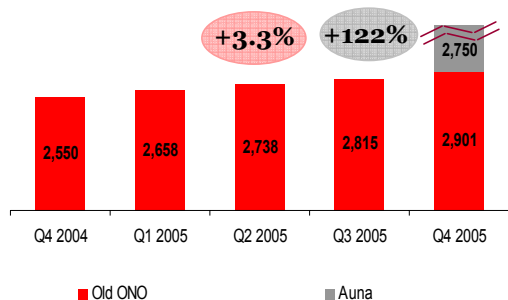


Financials

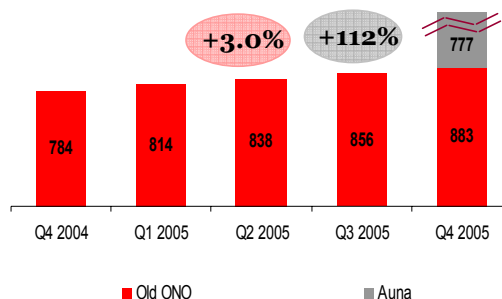
Committed to operating growth



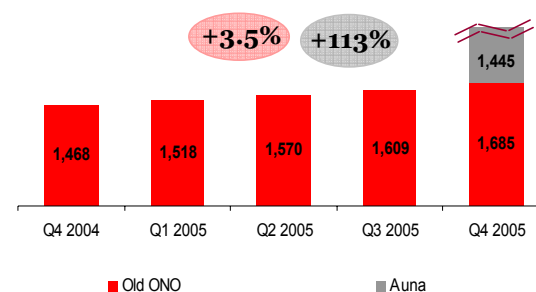
HRTM ('000)



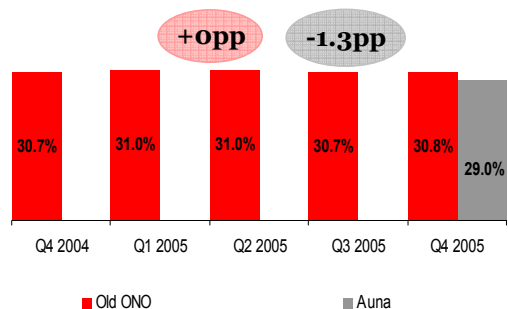
Residential cable customers ('000)



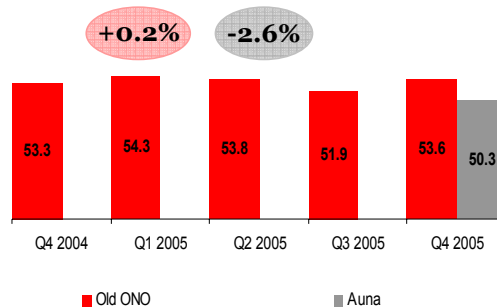
Residential cable RGUs ('000)



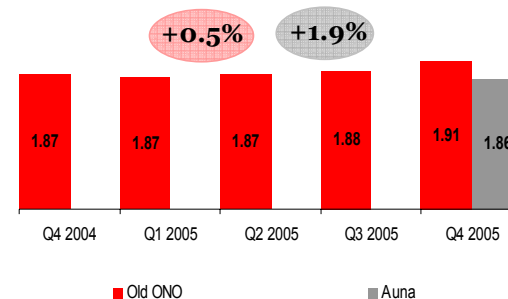
Residential cable penetration



Residential cable ARPU (€)



RGUs per customer



■ Old ONO ■ Auna
+3.3% +122%
Average quarterly organic growth rate
-1.3pp
ONO Growth Q4 05 vs Q4 04

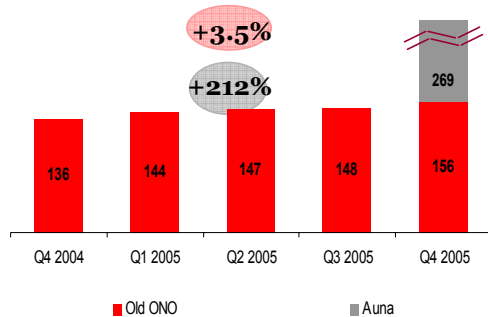
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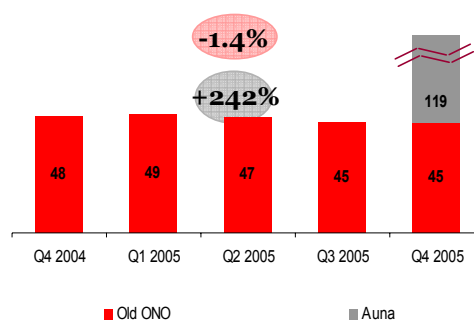
and financial growth...



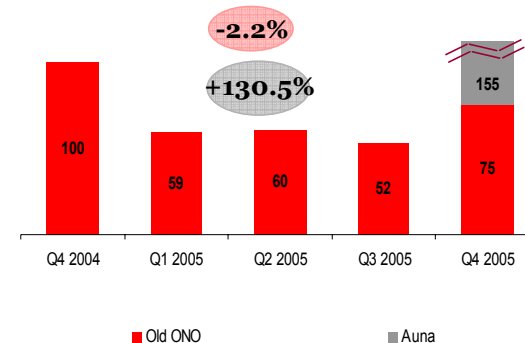
Revenues (€m)



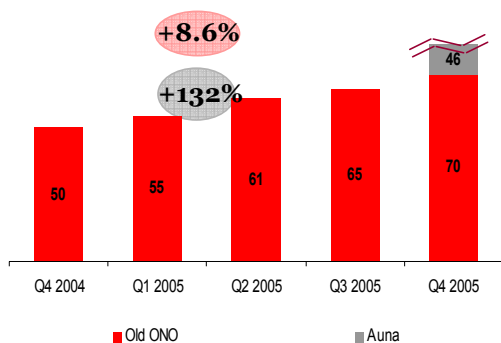
Opex (€m)



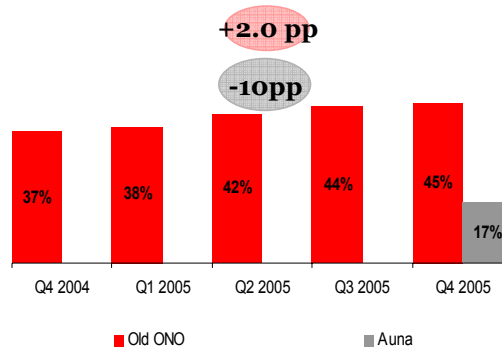
Capex (€m)



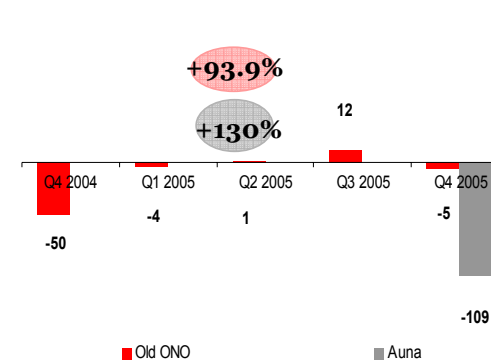
EBITDA (€m)



EBITDA margin



Operating FCF (€m)



Average quarterly organic growth rate
 ONO Growth Q4 05 vs Q4 04

Note: ONO Q4 2005 Pro forma figures

DISCLAIMER

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...to improve our financial profile



	€m	% total debt	
Short-term debt	79	2.9%	
<hr style="border-top: 1px dashed red;"/>			
Long-term debt			
Senior facility	1,821	66.4%	■ €1,000m new cash equity
High Yield Notes	342	12.5%	■ €3,100m new senior secured facility (€1,821m drawn at the end of 2005)
Subordinated facilities	400	14.6%	■ Over €1bn liquidity headroom
State subsidies & other	100	3.6%	■ €270m new bond issue in Feb 2006
Total long-term debt	2,663	97.1%	■ 2011 Notes cancellation in Feb 2006
			■ €130m subordinated facilities
Total debt	2,742		

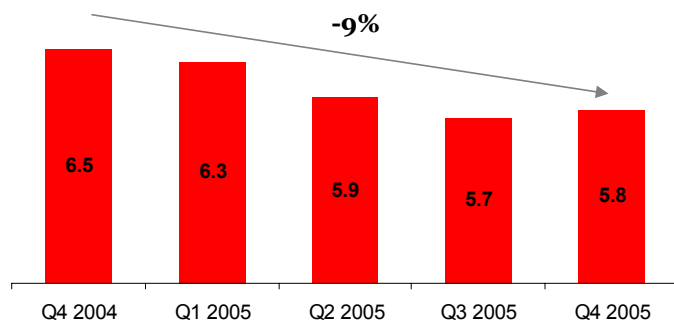
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...and to deleverage

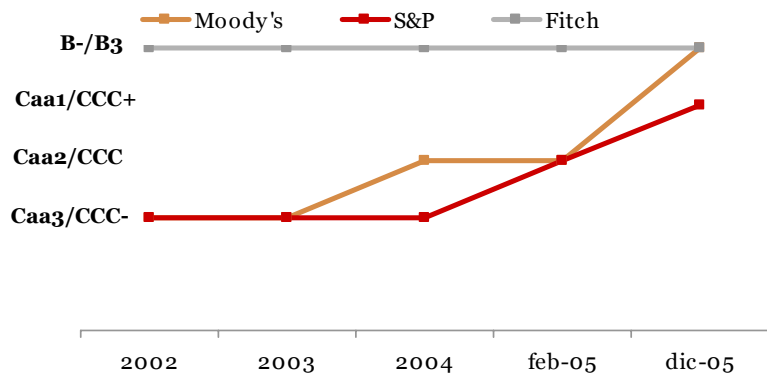


Net debt to EBITDA ratio



- ONO has consistently pursued a deleveraging strategy, from 6.5x net debt to EBITDA as of 4Q 2004 to 5.8x as of 4Q 2005

Bond rating evolution



- Credit rating upgrades in Q1 2006
 - Moody's upgraded bonds from Caa2 to B3
 - S&P upgraded bonds from CCC to CCC+
 - Fitch assigned B- positive outlook to bonds

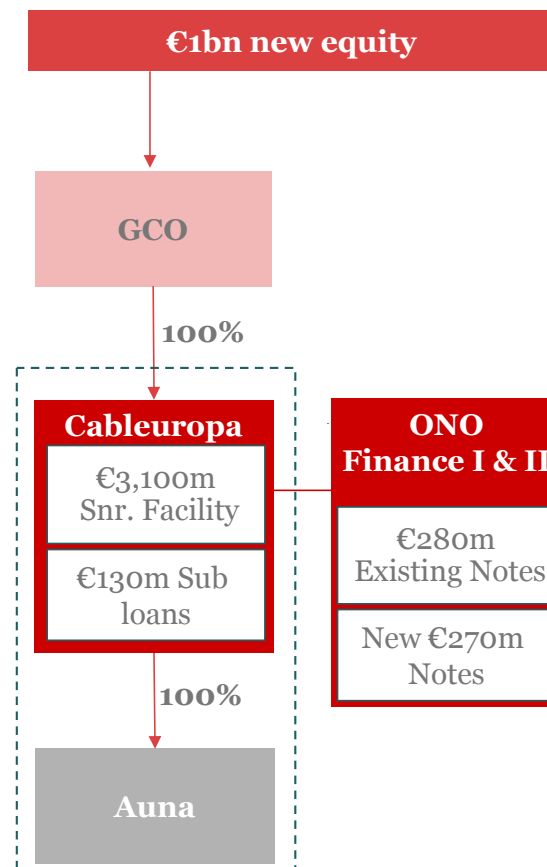
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€270m bond issue



	Fixed Rate Senior Notes
Issuer:	ONO Finance II
Issue:	€270 million
Maturity:	May 2014
Optional Redemption:	8 year NC 3.5
Coupon:	8% Fixed Rate
Equity Claw:	35%
Change of Control:	Put at 101%
Use of Proceeds:	Refi Bridge Facility for the acquisition of Auna
Offering Type:	Rule 144A / Reg S (no SEC registration rights)
Ranking:	Pari passu with existing Notes (Sr. sub. guarantees from Cableuropa and Auna)
Ratings:	B3 (Moody's) / B- (Fitch) / CCC+ (S&P)
Listing:	Luxembourg Stock Exchange (MTF)



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- **Acquisition accounting – Negative Goodwill**
 - After the Auna acquisition ONO carried out an assignment of the purchase price to the assets and liabilities of the Auna group
 - The difference between the book value of Auna's assets and liabilities and its net realizable value gave rise to a Negative Goodwill of €263m

- **Shareholders' contributions**
 - €1,000 million contributed to ONO by its new shareholders at the date of the Auna acquisition were capitalized as common stock and share premium in February 2006

- **Tax credits**
 - We booked a €196 million extraordinary expense resulting from recent announcement by the Spanish Government of an upcoming reduction in the corporate tax rate from the current 35% to 30%.

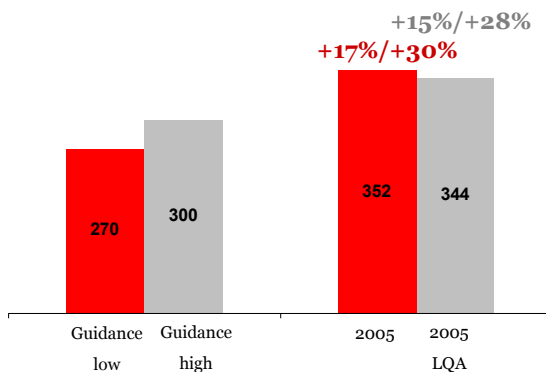
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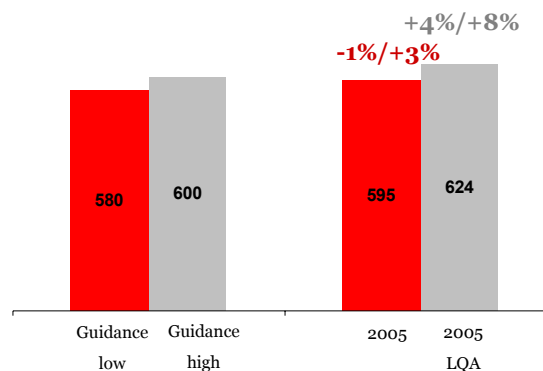
2005 Guidance overperformance



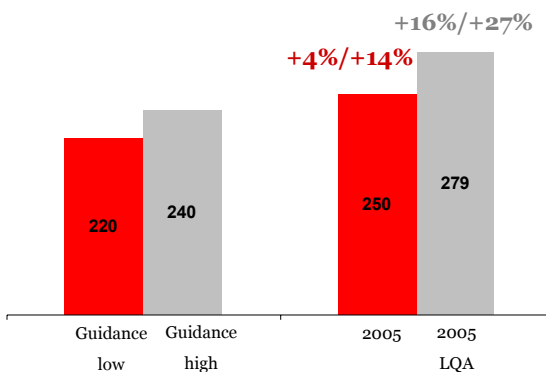
HRTM ('000)



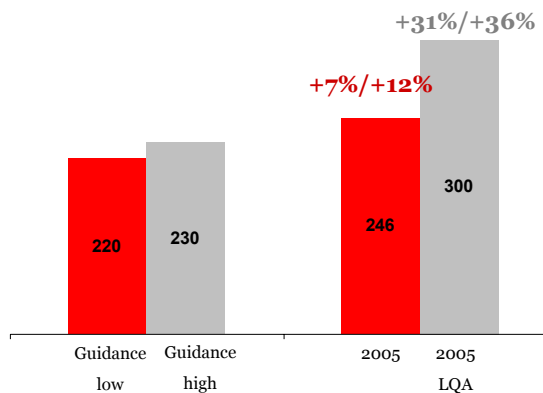
Revenues (€m)



EBITDA (€m)



Capex (€m)



Note: Old ONO figures

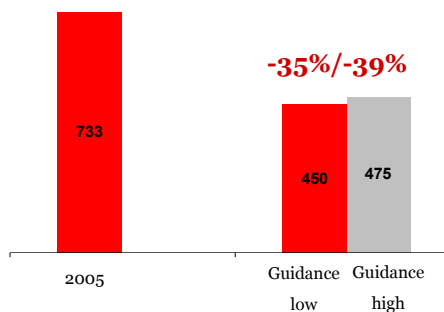
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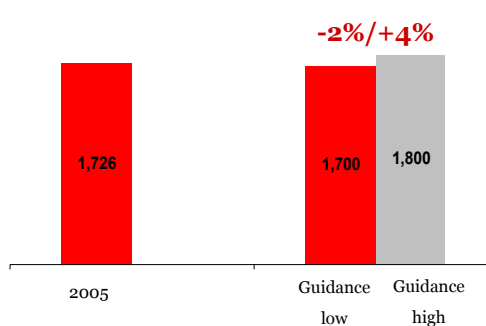
2006 Guidance



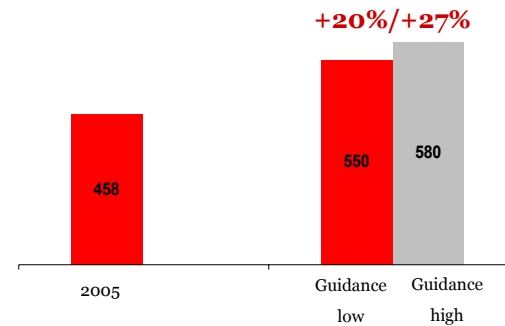
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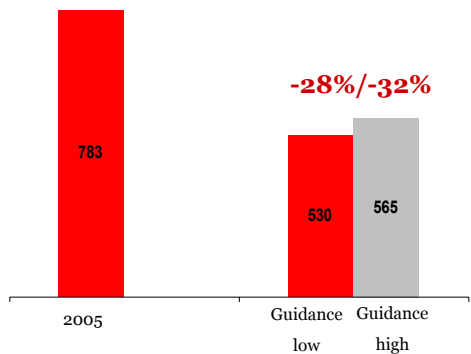
Revenues (€m)



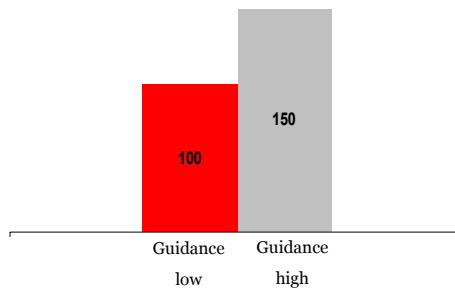
EBITDA (€m)



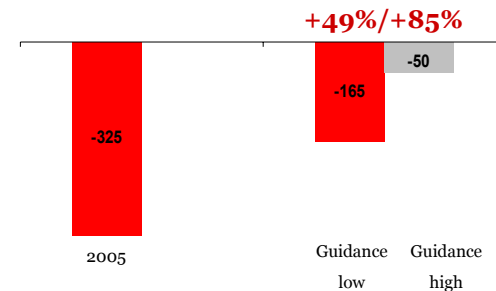
Capex (€m)



Transformation costs (€m)



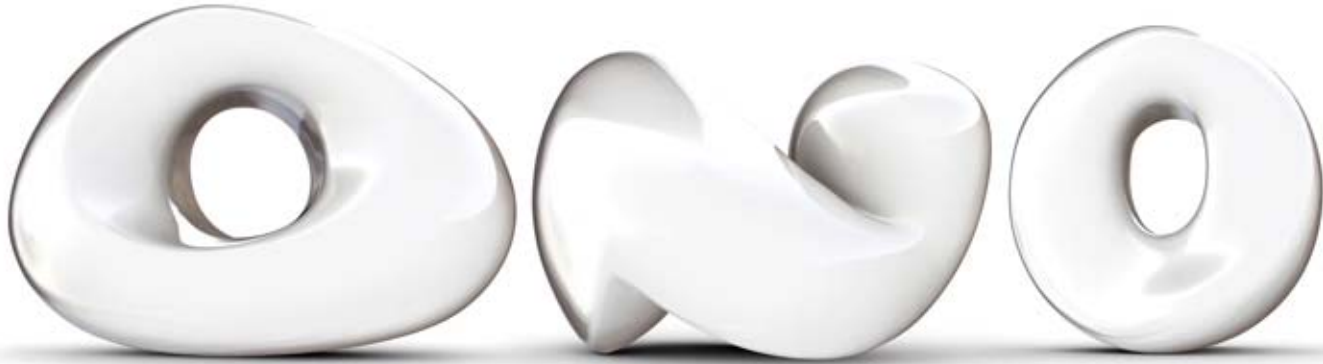
Operating FCF (€m)



Note: ONO 2005 Pro forma figures

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