



## ***Q1 2006 results***

***7 June 2006***

**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 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.

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



**Operating results**

# Building an attractive growth profile...



<i>Data in €m</i>	2006	2005		Growth	
	Q1	Q4 Pro forma (**)	Q1 Old ONO (*)	Quarterly	Year over Year
<b>Revenues</b>	422	425	144	(0.7%)	193.8%
<b>EBITDA</b>	133	116	55	14.6%	143.2%
<b>EBITDA margin</b>	31.5%	27.3%	38.0%	4.2 pp	(6.6 pp)
<b>Capex</b>	121	231	59	(47.7%)	104.4%
<b>Op. FCF</b>	12	(115)	(4)	na	na

(\*) Old ONO does not include the effects of the Auna Acquisition

(\*\*) Pro forma information is based on historical unaudited information of ONO and Auna

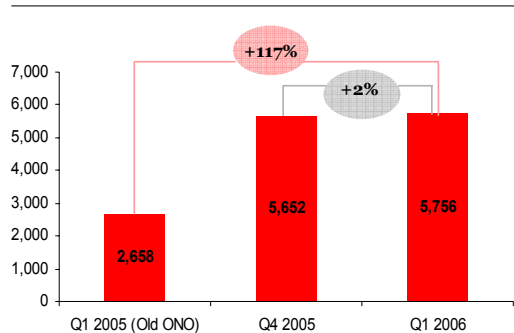
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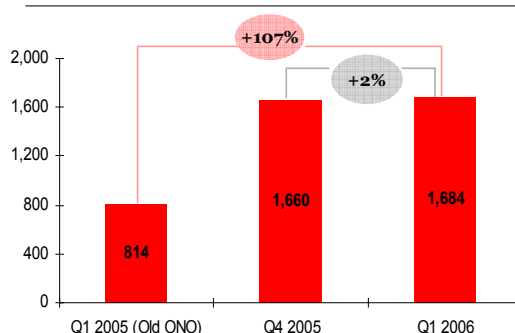
# ...based on our residential cable operating performance...



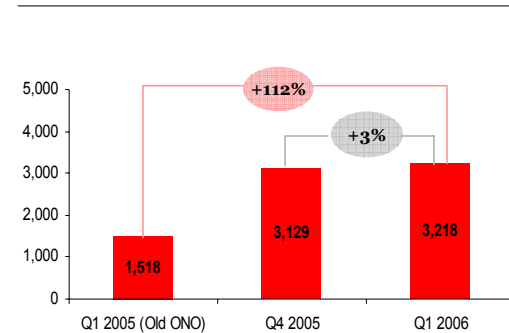
### HRTM ('000)



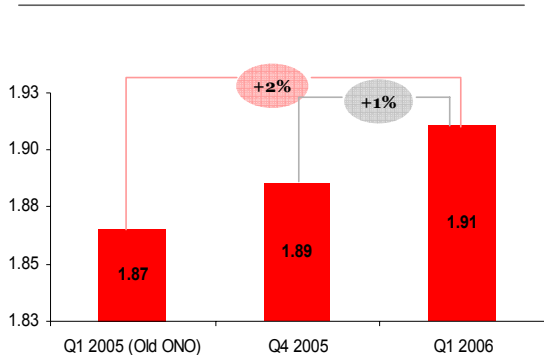
### Customers ('000)



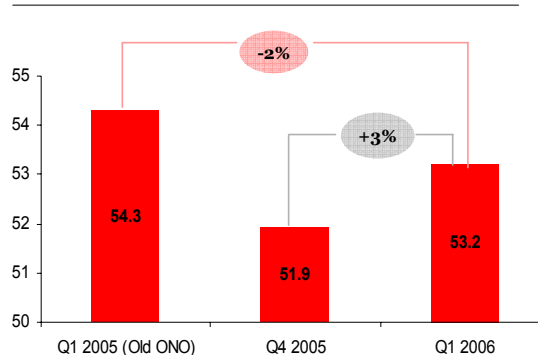
### RGUs ('000)



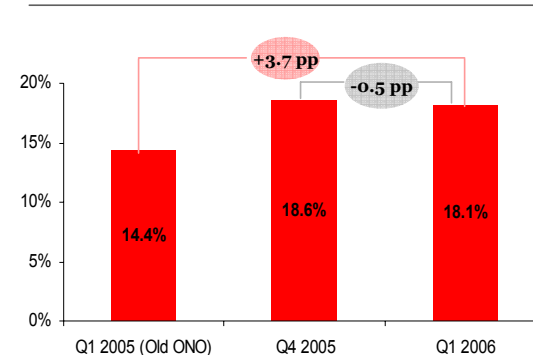
### RGUs per customer



### Cable ARPU (€)



### Churn (%)



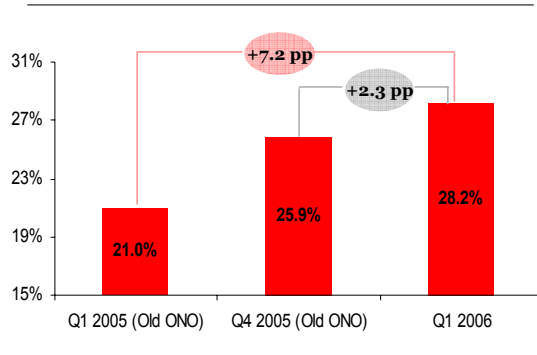
- Annual growth
- Quarterly growth

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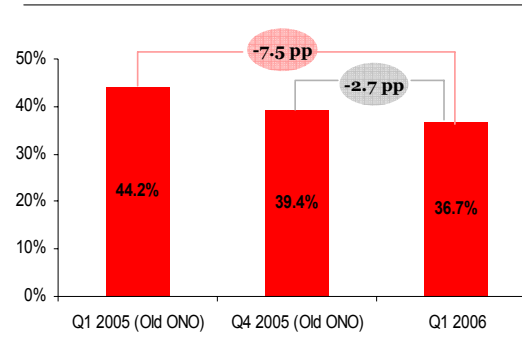
# ...and supported by the triple play strategy



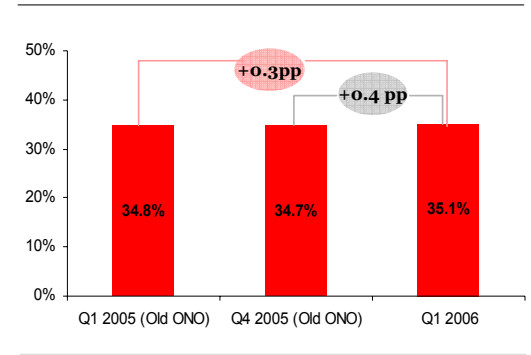
### 3 play customers



### 2 play customers



### 1 play customers



+ National free calls  
 + 150 channels **€49.90**  
 + 4 Mbps

+ National free calls **€44.90**  
 + 4 Mbps

+ National free calls **€29.90**  
 + 150 channels

+ National free calls **€20.90**

+ 150 channels **€18.90**

+ 4 Mbps **€28.90**

Annual Growth  
 Quarterly growth

# 3 play competition



## Advertised price

## Bill

		€56.39 --- +€0 --- €56.39	National free calls 150 TV channels & VOD 4 mbps
		€32.00 --- +€44.27 --- €76.27	National free calls 45 TV channels & VOD 1 mbp
		€14.98 --- +€50.39 --- €65.37	National free calls 30 + TV channels (Up to 20 mbps)
		€36.00 --- +€28.87 --- €64.87	National & international free calls 30 + channels & VOD (Up to 20 mbps)

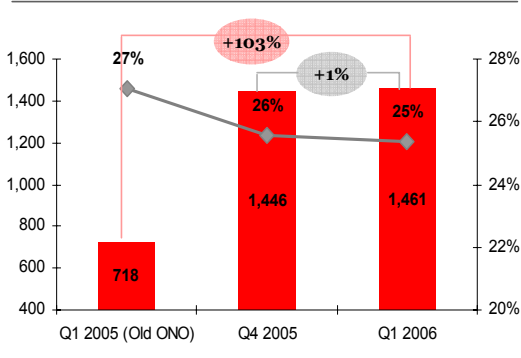
Source: companies websites on 25 May 2006

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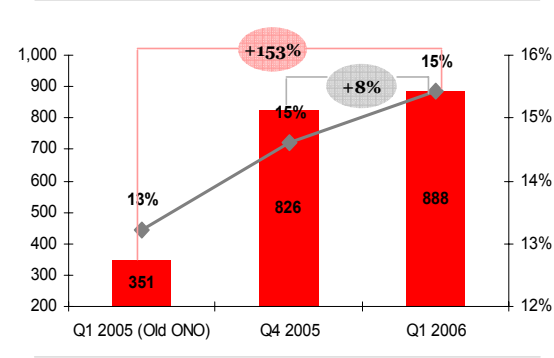


**Telephony customers ('000) & penetration (%)**



% of customers	88.3%	87.1%	86.7%
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**Broadband Internet customers ('000) & penetration (%)**



% of customers	43.1%	49.7%	52.7%
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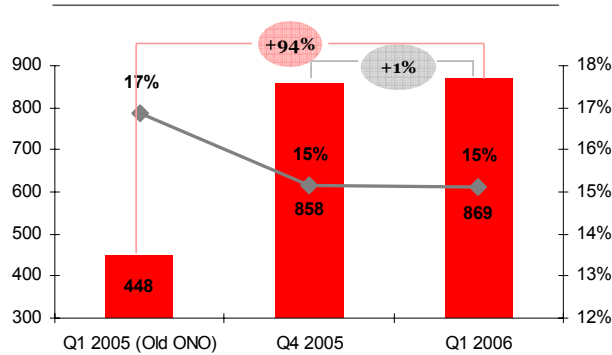


Annual growth  
 Quarterly growth

# Reinforcing our TV service





Television customers ('000) & penetration (%)



% of customers	55.1%	51.7%	51.6%
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 Annual growth  
 Quarterly growth



## Product

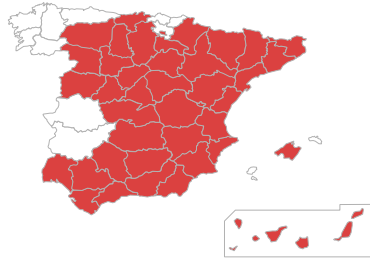
- Extensive television offering, with access to free VoD
- 2006 football World Cup available free with ONO



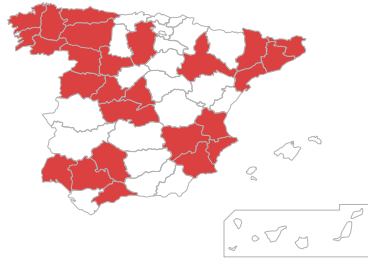
# New ONO light



## Cable



## ULL



Data @ March 31, 2006

<b>Homes</b>	~6 million	~3 million
<b>Customers</b>	1,684,000	73,000 (*)

**€44.90**



National free calls



4 mbps

**€34.50**



National free calls



2 mbps

- > 100 switching points
- Focus on Madrid and Barcelona
- Complements our core cable business
- Current “inherited” 1 play customer base (mostly telephony only...)
- Now moving to double play...
- ...and targeting to move to 3 play in 2007

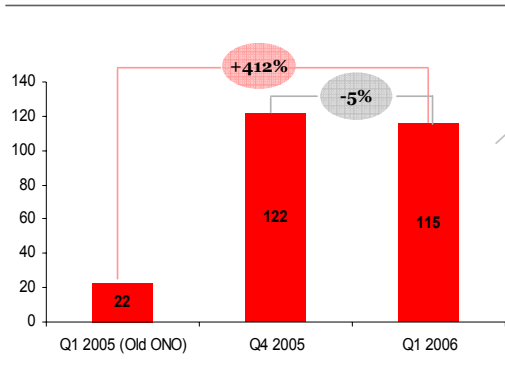
(\*) Includes only fully unbundled customers

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**SMEs customers ('000)**

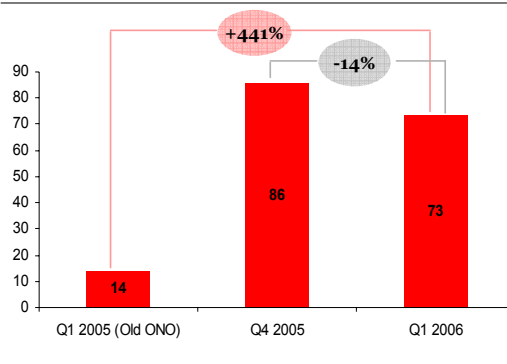


SME's customers down by 5%, as indirect access customers drop - decrease reflects global strategy of focus on direct access customers

## Product

- Second operator in Spain
- Best in class quality of service
- Launch of competitive offers
- Simple bundles at competitive prices
- Own network allows for QoS and SLAs
- VoIP
- Sophisticated services on demand

**Business revenues (€)**



- Annual growth
- Quarterly growth

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# Our transformation

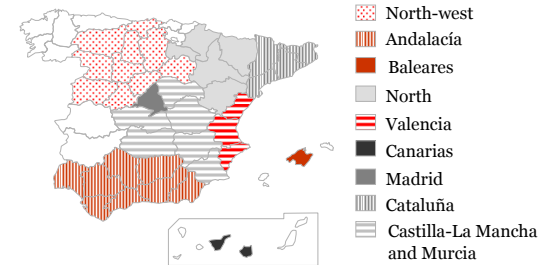


## Transformation Program

- ~50 projects launched and staffed: ~€80m savings and ~€50m cost identified

## Human Resources

- Agreement with trade unions and Spanish Government for headcount restructuring reached
  - Up to 785 people affected in 2006-2007
  - 200 voluntary redundancies to date
- New senior management hires:
  - Managing Director: Business and Wholesale
  - Regional Directors: Madrid and Barcelona
- ONO style organizational structure in place



## Operations

- Systems:
  - Migration to ONO platforms approved and launched
- Network
  - Main network synergies projects launched

## Sales & Marketing

- Sales model restructuring in Auna underway
  - New sales force being hired and trained (~150 net adds)

# Other recent announcements



## MVNO

- Licence requested to the CMT (regulator)
- Analysis ongoing of risk / reward balance

## OJO

- OJO advertisement campaign launched in March
- 600 hours of OJO simultaneous content (25% renewed weekly)
- ~350.000 views per week
- Used by more than 70% of Old ONO's digital customers
- More than 8.000 OJO subscription customers



## Telecinco series premier

- Free-to-air Telecinco series premiere on OJO ahead of transmission
- Offered to OJO customers one week in advance of its free-to-air broadcast



## 4 Mbps

- Increasing speed offered to Auna's customers, to match Old ONO offer
  - Process began in June in Madrid
  - Improvement executed automatically and free of charge



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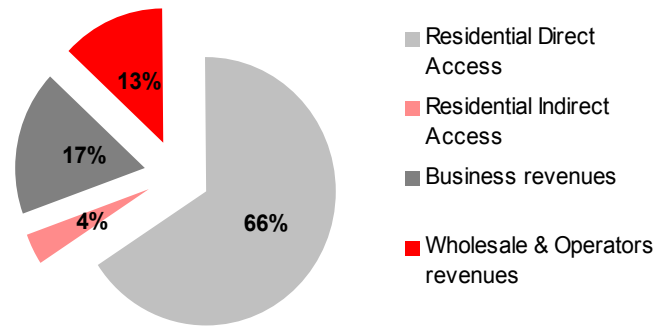


# Financials

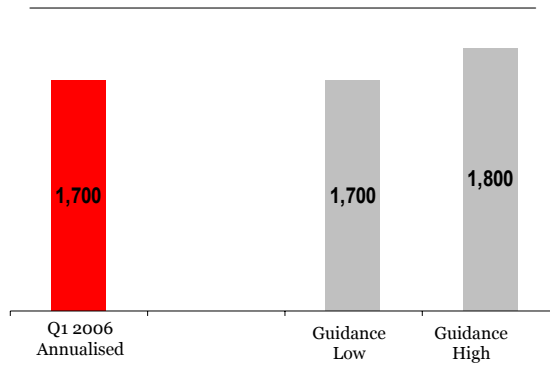
# Diversified revenue streams



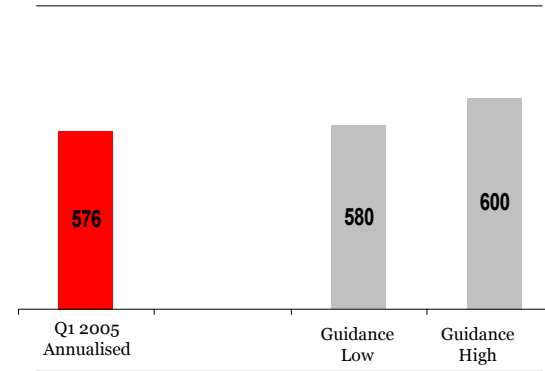
Revenues breakdown – Q1 2006 (%)



Q1 2006A vs Guidance 2006



Q1 2005A vs Guidance 2005



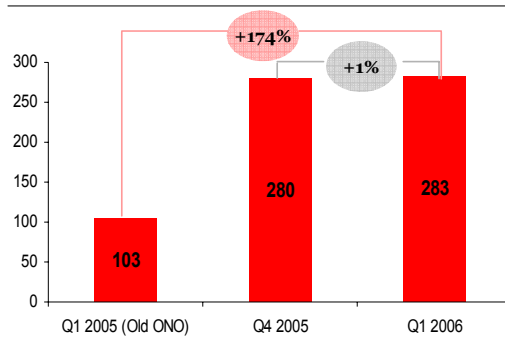
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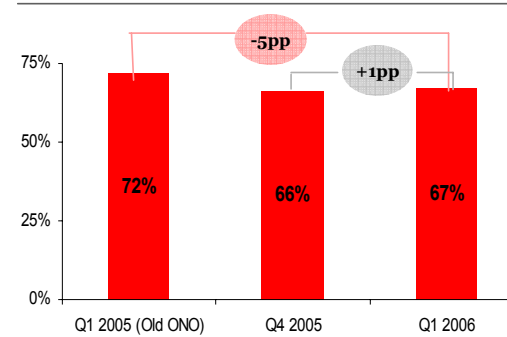
# Starting to achieve savings



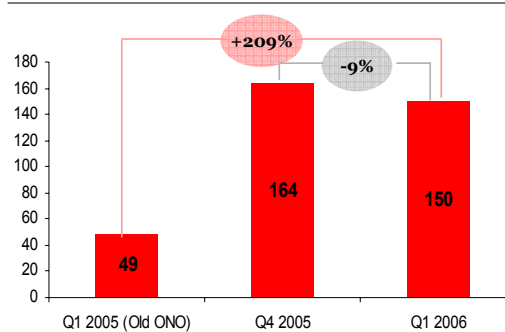
**Gross profit (€m)**



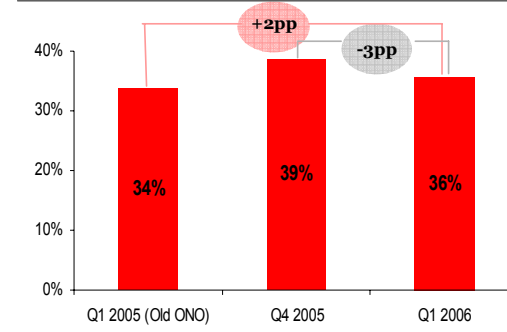
**Gross margin (%)**





**Opex (€m)**



**Opex as % of revenues**



 **Annual Growth**  
 **Quarterly growth**

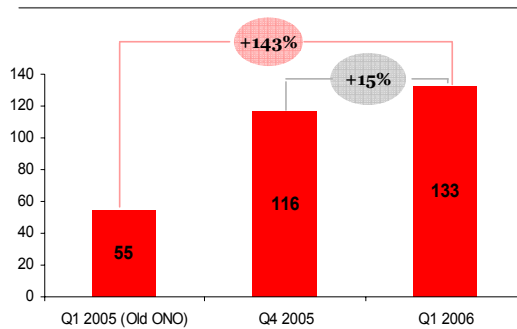
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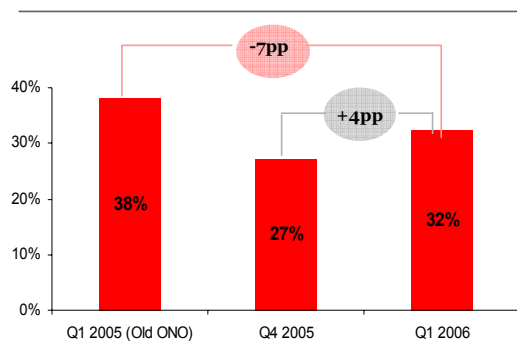
# ...growing profitability




**EBITDA (€m)**



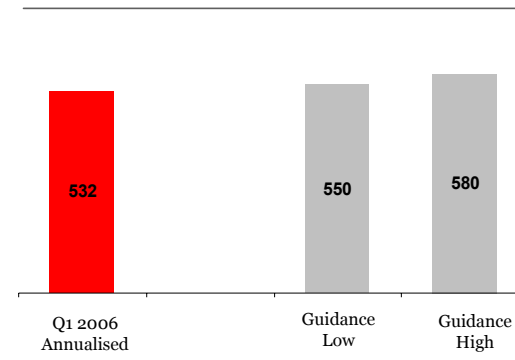
**EBITDA margin (%)**



 **Annual Growth**  
 **Quarterly growth**

■ Q1 performance in line with guidance

**EBITDA - Q1 2006 vs Guidance 2006**



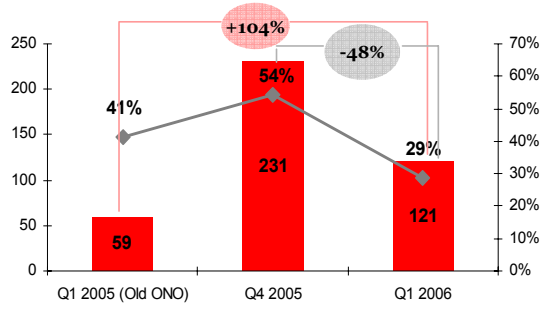
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# Significant capex reduction

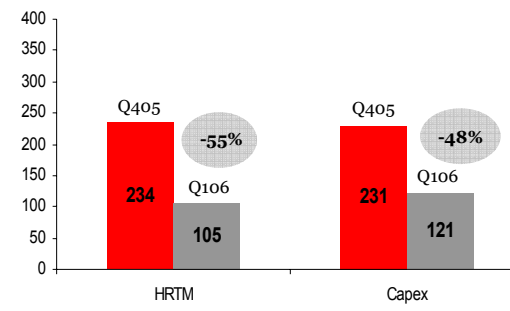


**Capex (€m) and Capex as % of revenues**

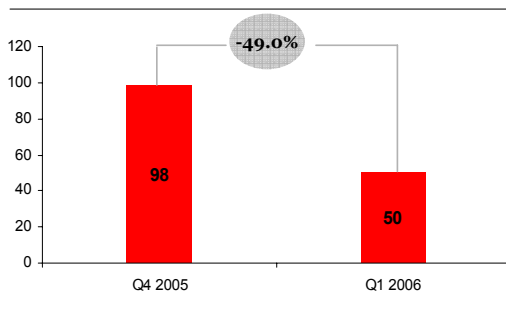


■ Reducing Capex in line with buildout...

**Capex vs HRTM**

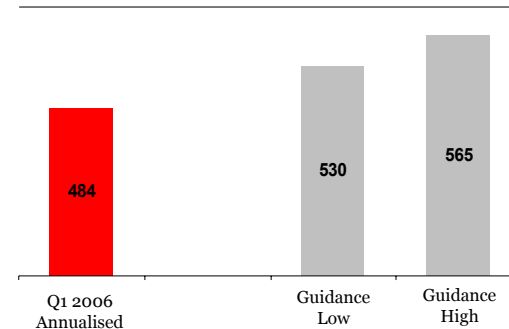




**Buildout Capex (€m)**



■ ... and in line with 2006 guidance

**Capex – Q1 2006A vs Guidance 2006**



 **Annual growth**  
 **Quarterly growth**

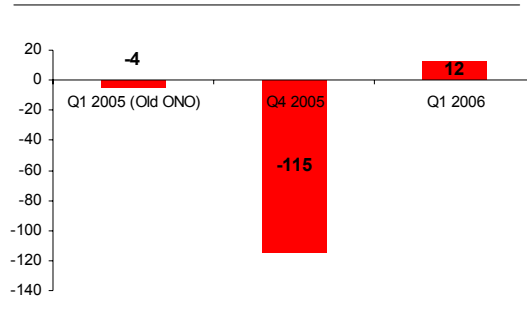
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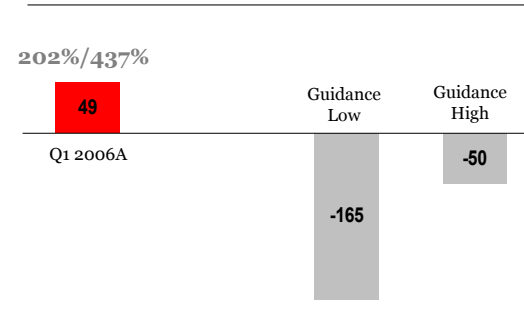
# Bringing positive Operating FCF



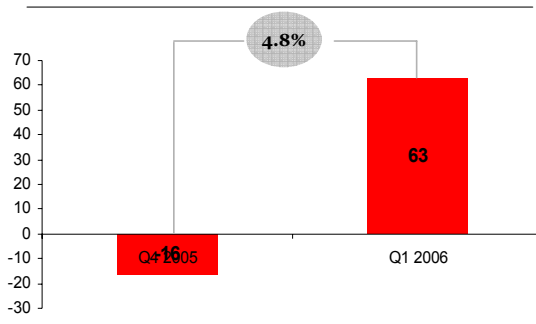
**Op. FCF (€m)**



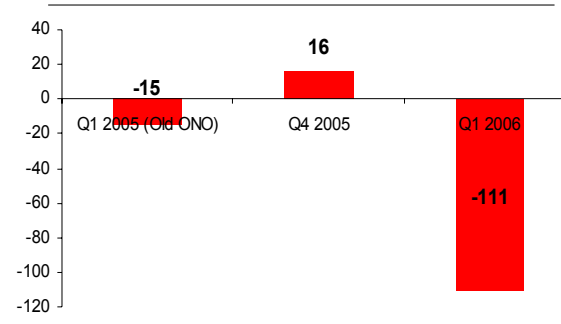
**Op. FCF – Q1 2006 vs Guidance**





**Op. FCF (ex. buildout) (€m)**



**Working capital (€m)**



-  Annual growth
-  Quarterly growth

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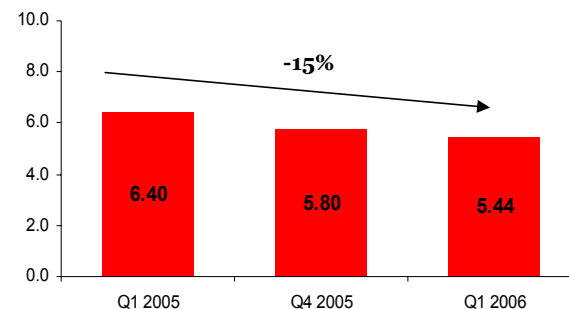
# Improving our financial profile



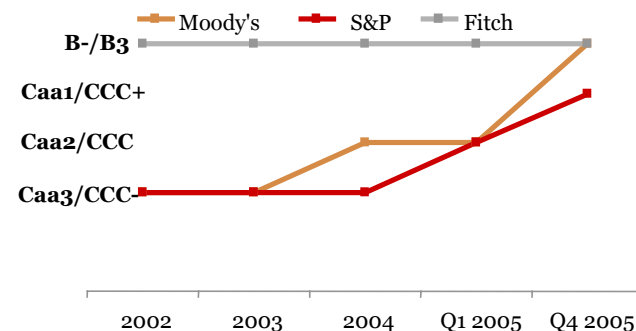
	€m	% total debt	Debt/EBITDA
Short-term debt	115	3.8%	0.2x
Long-term debt			
Senior facility	2,043	69.7%	3.8x
High Yield Notes	550	18.8%	1.0x
Subordinated facilities	130	4.4%	0.2x
State subsidies & other	98	3.4%	0.2x
<b>Total long-term debt</b>	<b>2,821</b>	<b>96.2%</b>	<b>5.3x</b>
<b>Total debt</b>	<b>2,936</b>		<b>5.5x</b>
<b>Total net debt</b>	<b>2,889</b>		<b>5.4x</b>
<b>EBITDA LQA</b>	<b>532</b>		
<b>Average life of debt <sup>(1)</sup></b>	<b>6.2 years</b>		

(1) Including senior facility (except guarantees tranche), High-Yield Notes and Subordinated facilities

Total Net debt to EBITDA ratio (x)



Bond rating evolution



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# Hedging



- Under the €3,100 million Senior Bank Facility, we committed to enter into floating to fixed hedging arrangements
- To date, we have covered €1,300m. At 31 March the debt swapped was €1,155m.
- We have hedged our exposure for a period between 3 and 5 years with a group of 16 banks
- We have used simple step-up swaps

	Q4 2005			Q1 2006		
	Fixed	Variable	% Variable/Total	Fixed	Variable	% Variable/Total
Short term debt		79	2.9%		115	3.9%
Senior Facility		1,821	66.4%		2,043	69.6%
High Yield Notes	242	100	3.6%	450	100	3.4%
Subordinated Facilities		400	14.6%		130	4.4%
State subsidies and other	100			98		
<b>Subtotal</b>	<b>342</b>	<b>2,400</b>	<b>87.5%</b>	<b>548</b>	<b>2,388</b>	<b>81.3%</b>
Hedged	500	-500		1,155	-1,155	
<b>Total</b>	<b>842</b>	<b>1,900</b>	<b>69.3%</b>	<b>1,703</b>	<b>1,233</b>	<b>42.0%</b>

**-27.4 pp**

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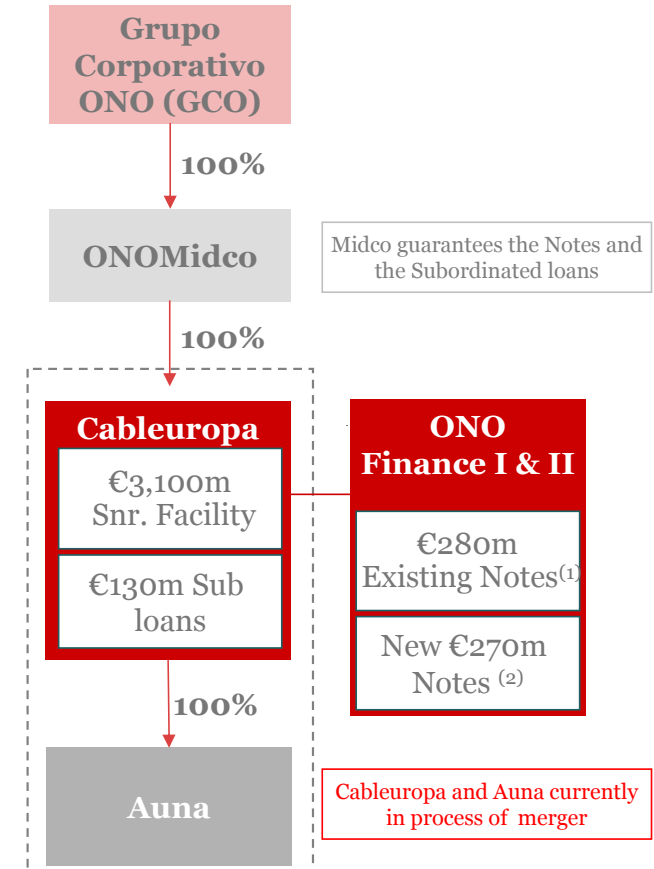
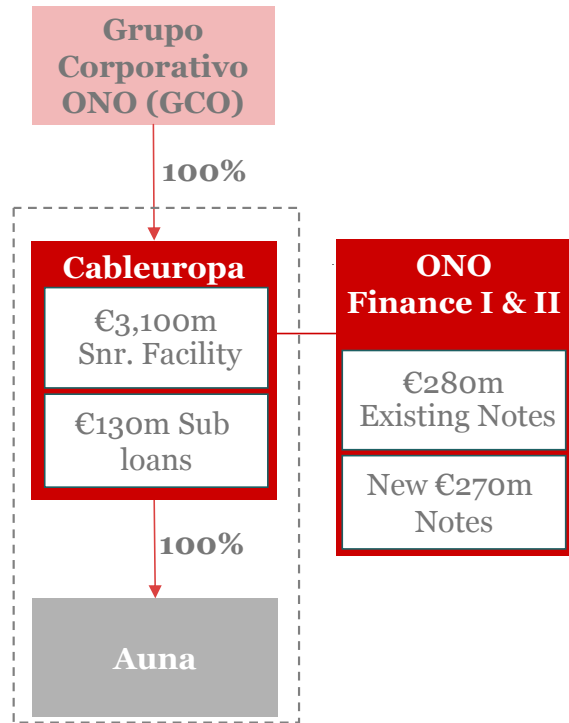
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# Corporate structure



31 March 2006

Today



(1) €180m 10.5% Notes due 2014 and €100m Floating Rate Notes due 2014

(2) 8% Notes due 2014

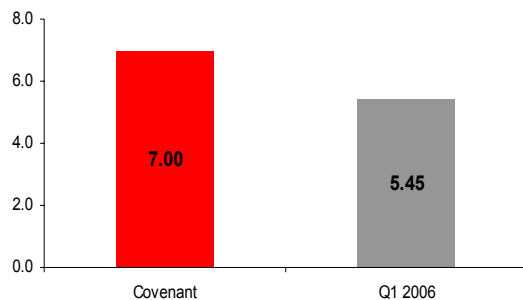
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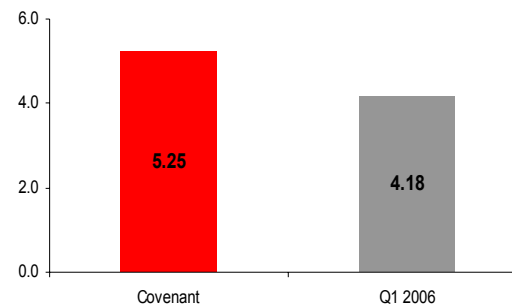
# Covenant compliance (Cableuropa)



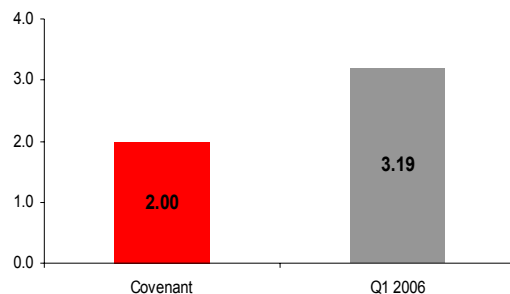
### Total net debt to EBITDA (x)



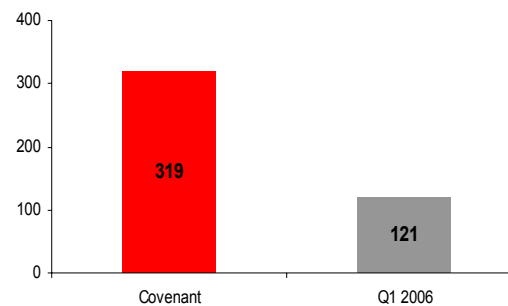
### Senior debt to EBITDA (x)



### Interest cover (x)

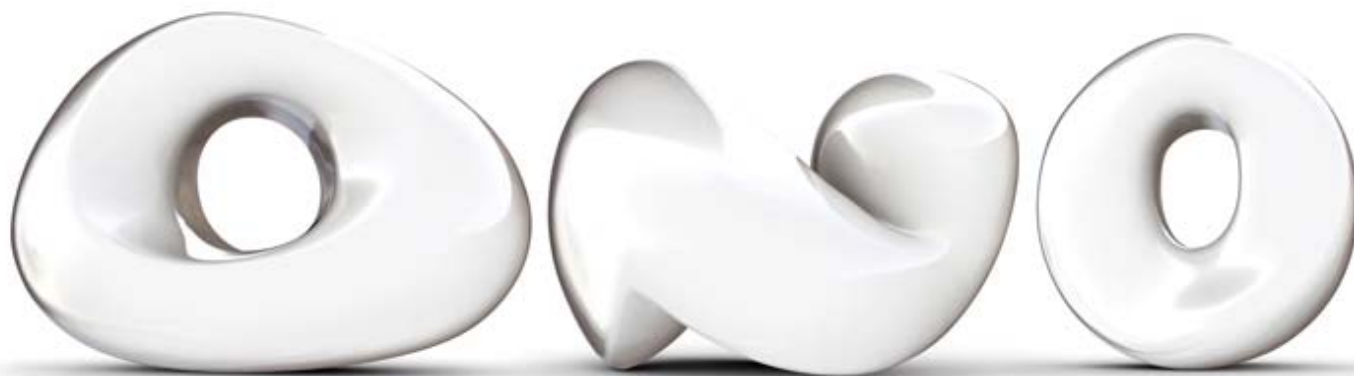


### Capex (€m)



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This document contains statements that can constitute forward-looking statements involving 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 place undue reliance on those forward-looking statements which speak only as of the date of this document. We undertake no obligation to release publicly the results of any revisions to these forward-looking statements



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