



# **ONO** *Q4 and full year 2006 results*

**Grupo Corporativo ONO, S.A.**

**Investor Relations**

**15 March 2007**

# Disclaimer

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***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, 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 the former 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***

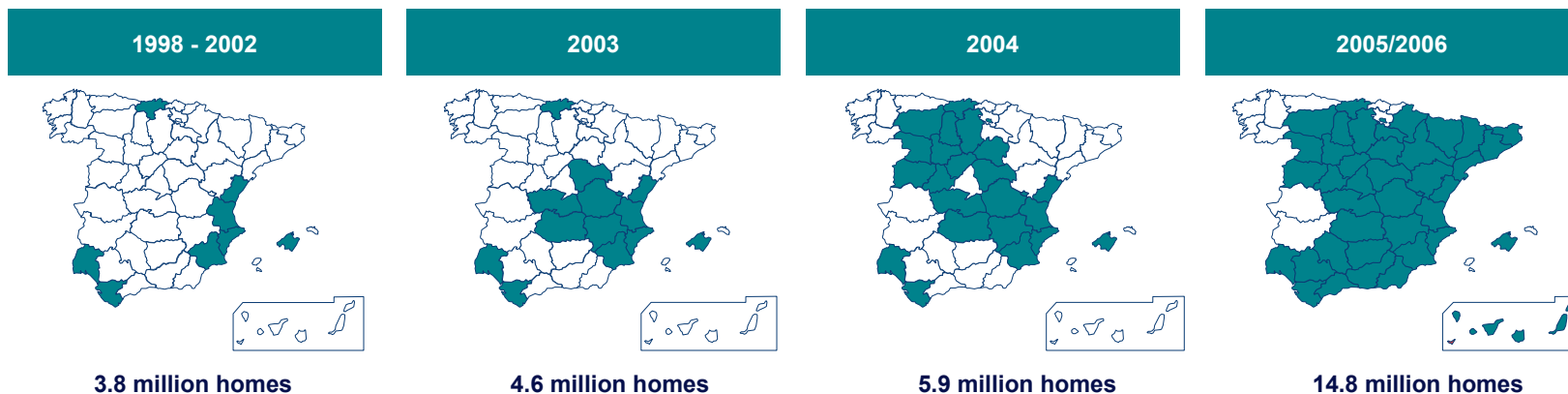


***Eugenio Galdón***

# Growing as a...

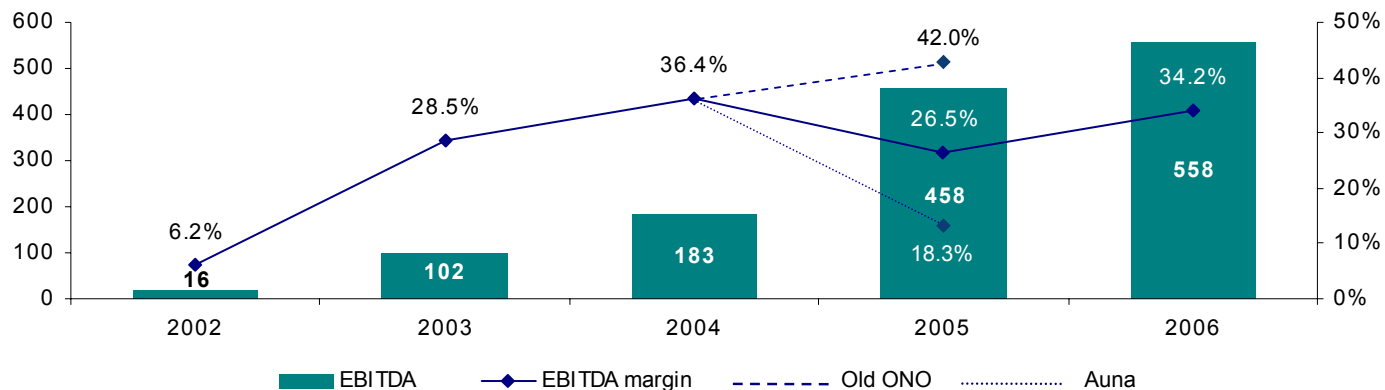


## ... Multi-Service Operator and...



- Launch of ONO in 12 franchises
- New franchise (Castilla-La Mancha)
- Retecal acquisition
- Auna acquisition

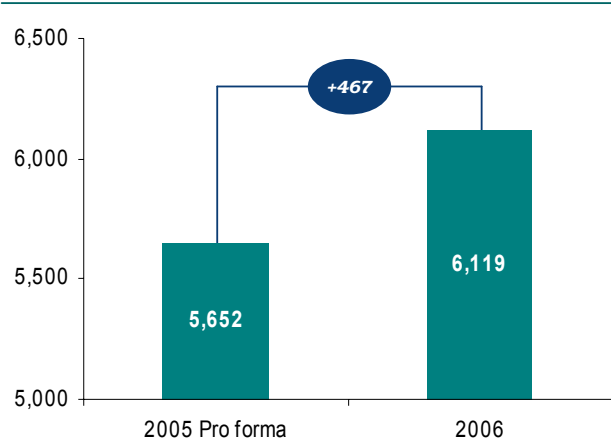
## ...with a growing EBITDA and EBITDA margin...



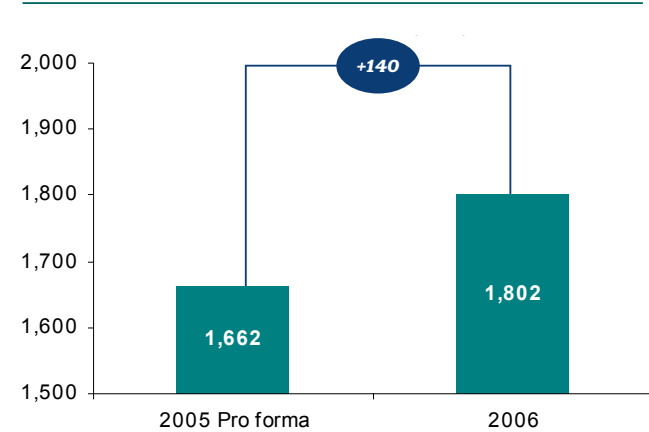
# 2006: Performance



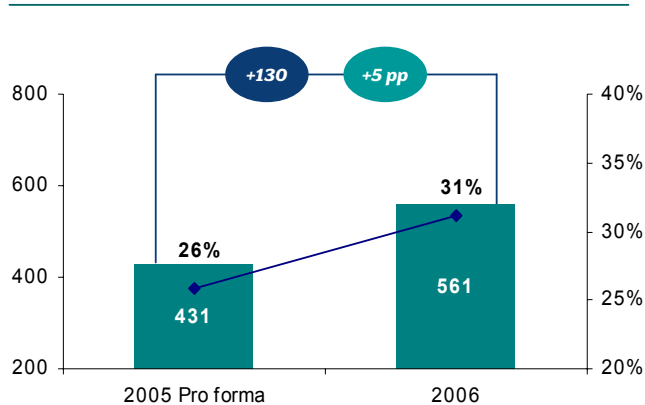
### HRTM ('000)



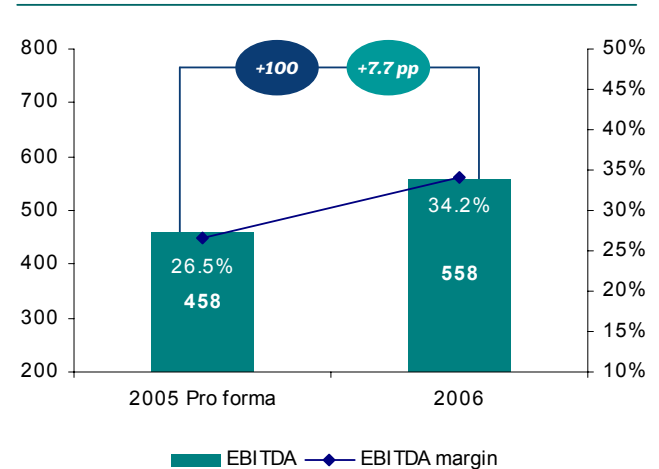
### Cable customers ('000)



### Services ('000) / 3 Play (%)



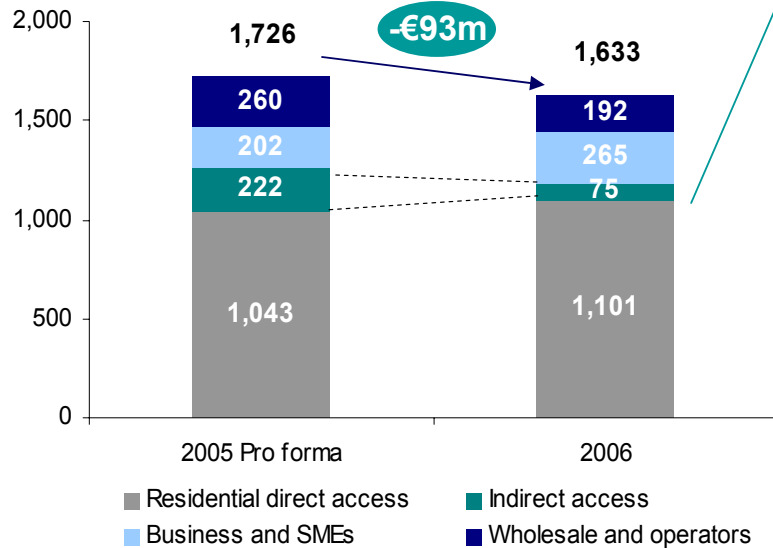
### EBITDA (€M)



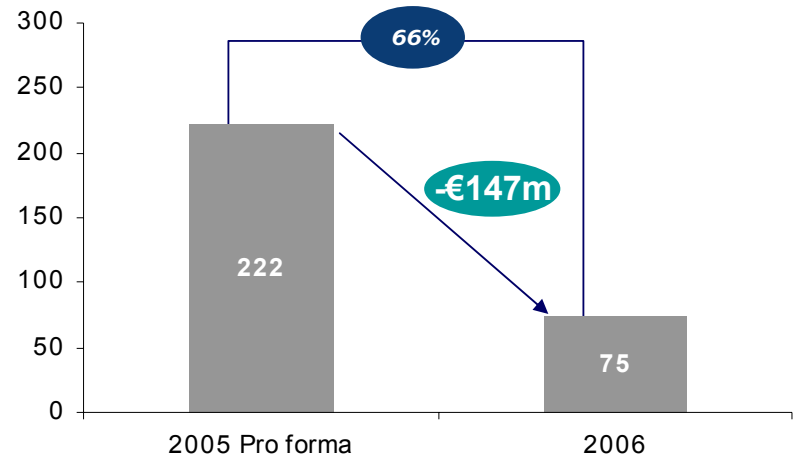
# Avoiding low margin revenues



### Revenue split (€m)



### Indirect access revenues (€m)



# ***Transformation success leads ONO results in 2006***

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- **More than 120 projects launched to date**
  - Almost €400 million saved in 2006
  
- **Transformation is changing, improving and innovating:**
  - Strengthening the ONO brand
  - Launched VoD service in Madrid and Barcelona
  - Preparing for convergent voice and data services
  - “Old ONO” best practices
  - New organizational structure

# The leading alternative to the incumbents



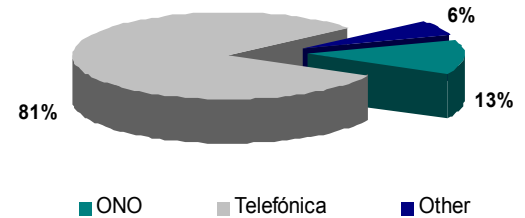
## Product



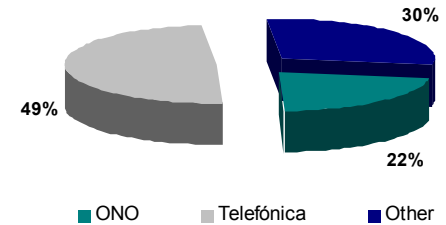
## 2006 market position

- More than 1.5m subscribers
- All included telephone
- Market share of 13%

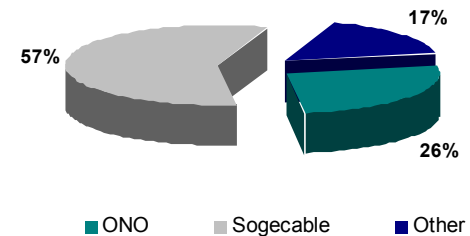
## Q4 2006 market share



- More than 1.0m subscribers
- 4 Mbps
- Market share of 22%



- More than 0.9m subscribers
- VoD in Madrid and Barcelona
- Repackaging
- Market share of 26%



Source: company reports, CMT and ONO estimates  
(All figures approximate)

## ▪ **Audiovisual**

- New regulation eliminates must-carry for DTT but not for analogue
- Commercial conditions for the PPV football signal
- Competition Regulators consider that rights for broadcasting football are presenting problems in terms of competition

## ▪ **Telecommunications**

- Alternative operators can charge an interconnection price 30% higher
- Interconnection prices reduction for calls ending in mobile networks
- CMT approved an increase of 2% for 2007 and 2008 of Telefónica subscription fee
- Registration of ONO as a MVNO. Agreement signed with Telefónica

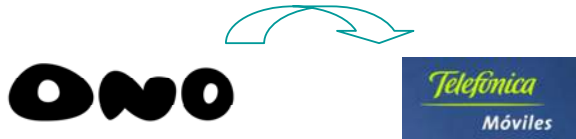
# Best positioned to become a media platform



... integrating the value chain

	COMPANY	CUSTOMERS	ACTIVITY	
Pay TV platform		0.9 million	<ul style="list-style-type: none"> <li>&gt;100 channels</li> <li>VoD “ojo”                             <ul style="list-style-type: none"> <li>ojo gratuito</li> <li>ojo a la carta</li> <li>suscripción ojo</li> </ul> </li> <li>PPV Cinema &amp; Football</li> <li>Barker channel</li> <li>EPG</li> </ul>	
Content aggregator	<p>Factoría de Canales</p>		<ul style="list-style-type: none"> <li>5 premium cinema channels</li> <li>1 entertainment channel</li> <li>3 Kids &amp; Young people channels</li> </ul>	
Content producer	<p>NEOCON MULTIMEDIA. (50% ONO)</p>		<ul style="list-style-type: none"> <li>1 cinema channel</li> <li>1 exclusive “gossip channel” produced by Neocon</li> </ul>	

## ■ “MVNO” with Telefónica



## ■ Launch in the second half of 2007



## ■ Well positioned for convergence:

- Customer base ✓ ✓
- Strong distribution ✓ ✓
- Brand recognition ✓ ✓
- Time to market ✓ ✓
- Network and technological capacity ✓ ✓ ✓

## ■ Voice convergent services, fixed and mobile, sms, data and multimedia





***Richard Alden***

# Our residential cable operating performance...

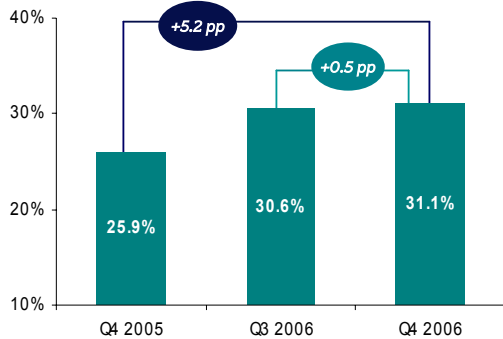


	Q4 05	Q1 06	Q2 06	Q3 06	Q4 06	YoY
<b>Homes Released to marketing ('000)</b>	<b>5,652</b>	<b>5,756</b>	<b>5,886</b>	<b>5,998</b>	<b>6,119</b>	<b>467</b>
<b>Residential cable customers ('000)</b>	<b>1,662</b>	<b>1,684</b>	<b>1,721</b>	<b>1,751</b>	<b>1,802</b>	<b>139</b>
Customer penetration (%)	29.4%	29.3%	29.2%	29.2%	29.4%	0.0 pp
<b>Revenue Generating Units ('000)</b>	<b>3,129</b>	<b>3,218</b>	<b>3,335</b>	<b>3,425</b>	<b>3,554</b>	<b>425</b>
Telephony	1,446	1,461	1,497	1,525	1,568	122
Broadband	826	888	937	986	1,062	236
Television	858	869	901	914	924	67
<b>RGUs per customer (#)</b>	<b>1.88</b>	<b>1.91</b>	<b>1.94</b>	<b>1.96</b>	<b>1.97</b>	<b>4.8%</b>
<b>Triple play (%)</b>	<b>25.9%</b>	<b>28.2%</b>	<b>30.4%</b>	<b>30.6%</b>	<b>31.1%</b>	<b>5.2 pp</b>
<b>Churn (%)</b>	<b>18.6%</b>	<b>18.1%</b>	<b>15.6%</b>	<b>16.2%</b>	<b>17.3%</b>	<b>-1.3 pp</b>
<b>ARPU (€)</b>	<b>51.9</b>	<b>52.7</b>	<b>52.0</b>	<b>50.7</b>	<b>51.4</b>	<b>-0.9%</b>

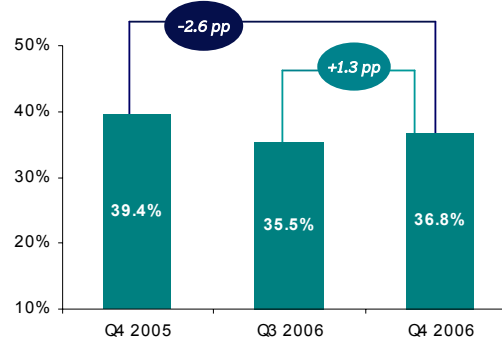
# ...is supported by the triple play strategy...



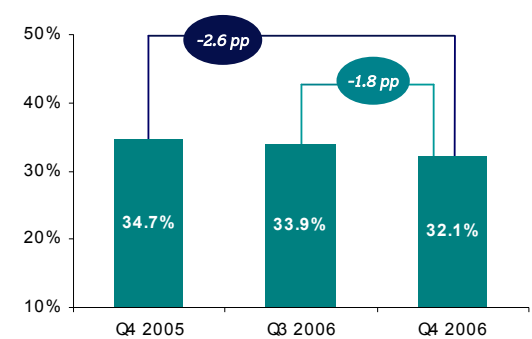
### 3 play customers (%)



### 2 play customers (%)



### 1 play customers (%)



+ National free calls  
 + High quality content €61  
 + 4 Mbps

+ National free calls €45  
 4 Mbps  


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 + National free calls €38  
 + High quality content

+ National free calls €21  


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 + High quality content €25  


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 + 4 Mbps €35

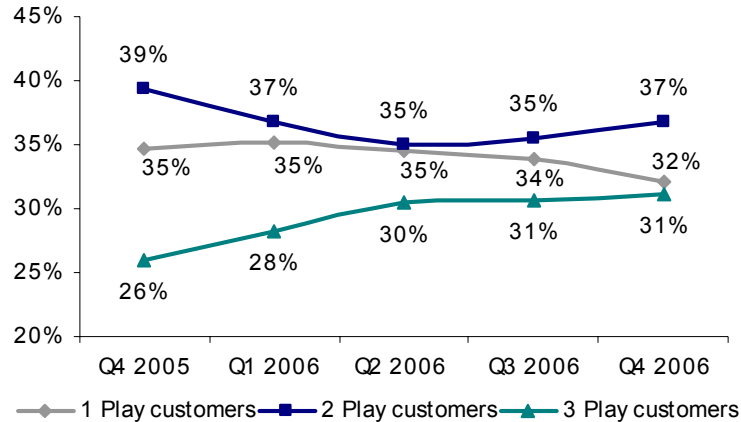
Annual Growth  
 Quarterly growth

Note: these prices are considering full cost for the customer and do not include any promotion

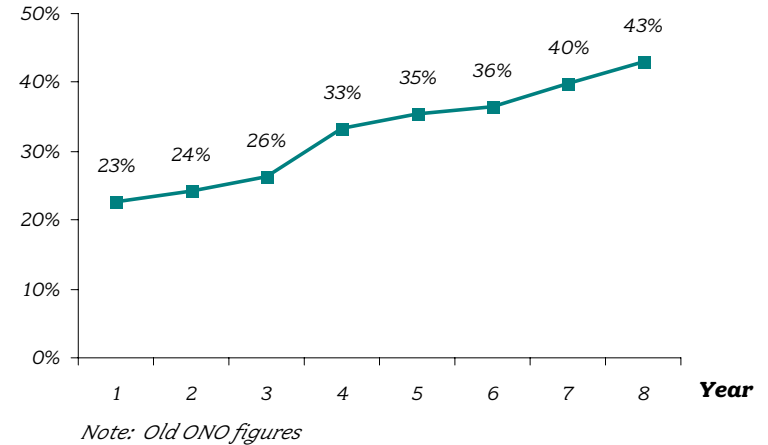
# ...and a proven triple play track record



### Triple play customers (%)



### Penetration over time (%)



## Drivers of growth:

- Triple play sales
- Upselling
- Reduced churn
- Transformation projects ongoing
- Positive macro-economic drivers - GDP, population, homes
- Under penetration of pay TV and internet in Spain, market yet to develop
- Extension of infrastructure to new areas

# Residential telephony

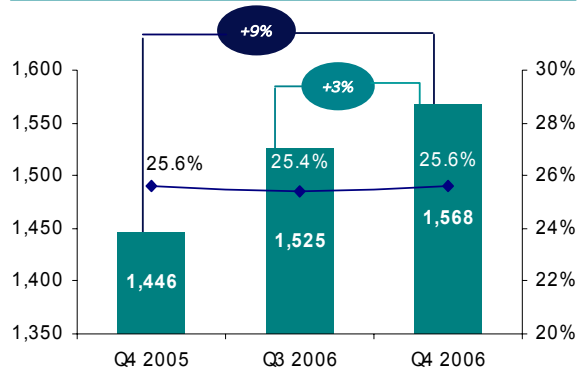


## ONO residential telephony

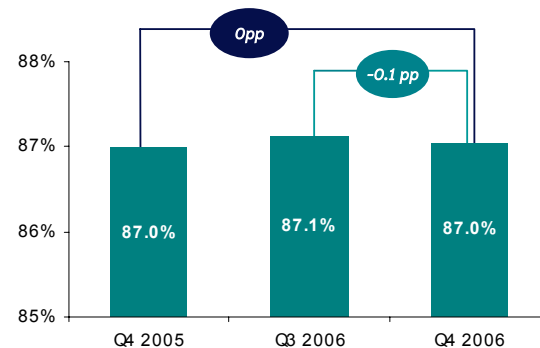
- More than 1.5 million customers
- 43,000 net adds in Q4 2006
- €21 all-in product proving popular
- Free information service 11828
- Approx. 13% market share



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



### % of customers taking telephony



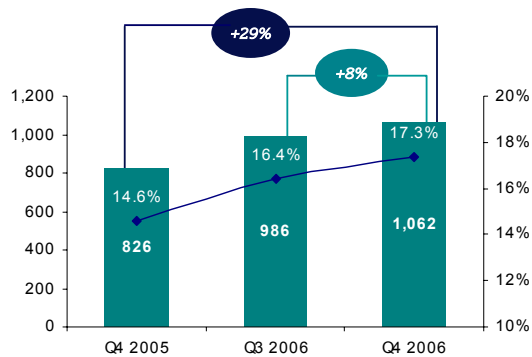
- Annual Growth
- Quarterly growth



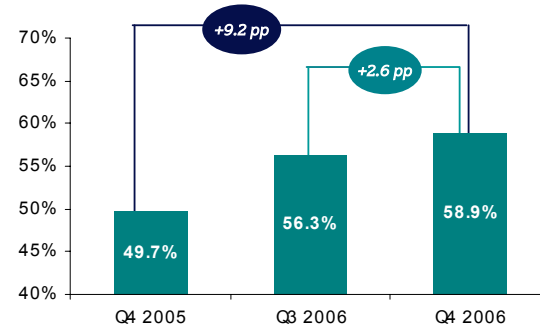
## ONO residential broadband

- More than 1.0 million customers
- 76,000 net adds in Q4 2006
- Market leading standard product of 4MB
- Voted best quality internet service
- Auna network upgraded
- Approx. 22% market share

**BB Internet customers ('000) & penetration (%)**



**% of customers taking BB Internet**



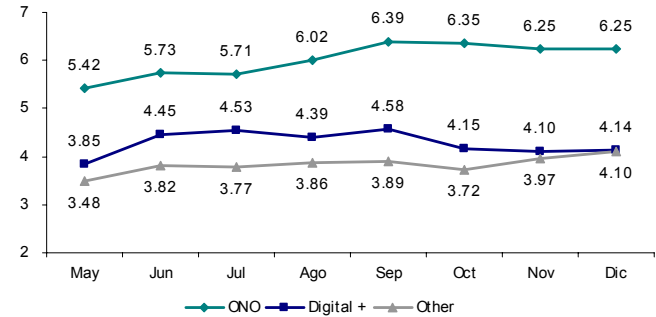
- Annual Growth
- Quarterly growth



## ONO residential television

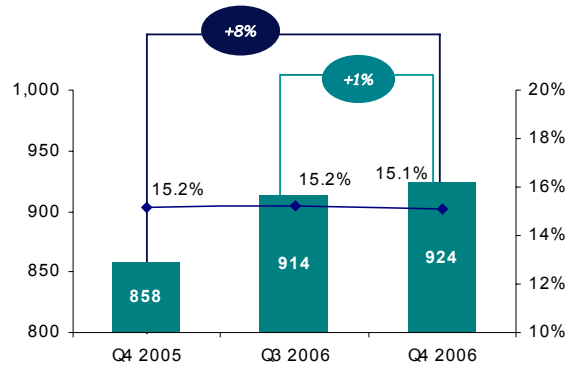
- Close to 1.0 million customers
- 11,000 net adds in Q4 2006
- VoD available in Madrid and Barcelona
- 88% + digitalised (95% old ONO)
- Channel repackaging for Auna areas
- Approx. 26% market share
- ONO taking 6.25% of all TV audiences

## 2006 Audiences (%)



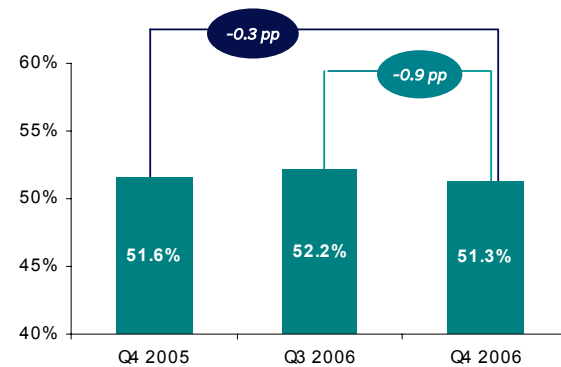
Source: TNS Sofres

## Television customers ('000) & penetration (%)

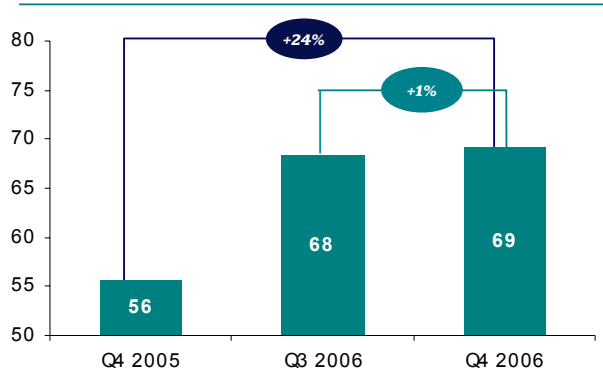


Annual Growth  
 Quarterly growth

## % of customers taking TV

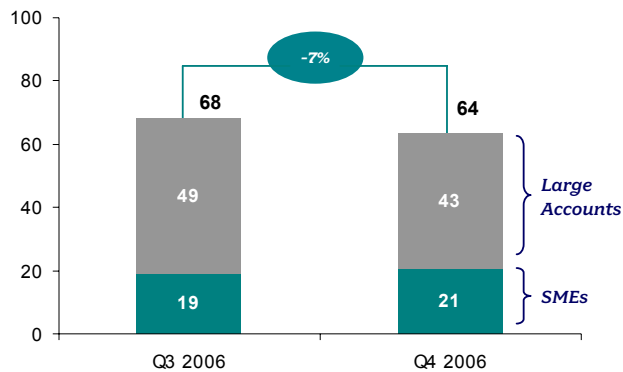


**SME customers ('000)**

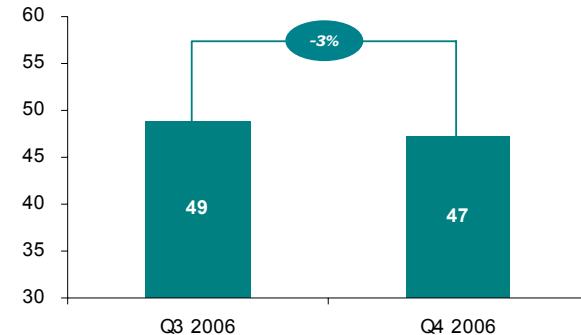


- Focus on direct access
- Serving the needs of:
  - medium sized enterprises / SMEs
  - public sector
  - wholesale market
- With underlying theme of:
  - margin vs revenue

**Business revenues (€m)**



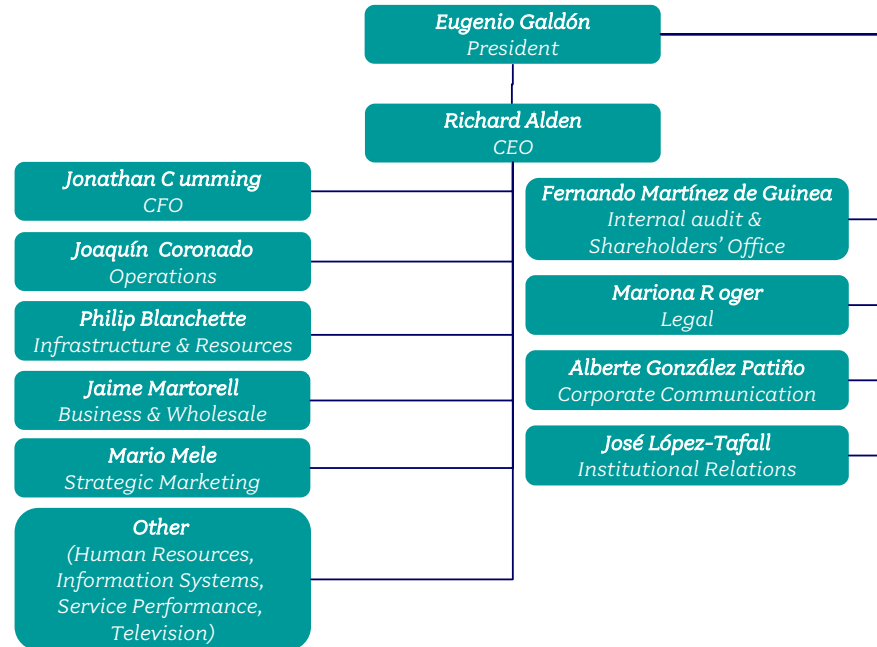
**Wholesale revenues (€m)**



Annual growth  
 Quarterly growth

- **Transformation is more than integration, it focuses on:**
  - Quality of service
  - Customer care
  - Unified product portfolio
  - Reliability of networks (99.989% availability)
  - Sales channel re-alignment
  - Upgraded Broadband
  - Systems integration
  
- **Almost €400 million savings in 2006 vs 2005 Pro Forma:**
  - €103 million Cost of Services: €517 million in 2006 vs €620 million in 2005 Pro Forma
  - €90 million Opex: €558 million in 2006 vs €648 million in 2005 Pro Forma
  - €193 million Capex: €590 million in 2006 vs €783 million in 2005 Pro Forma

## New company structure

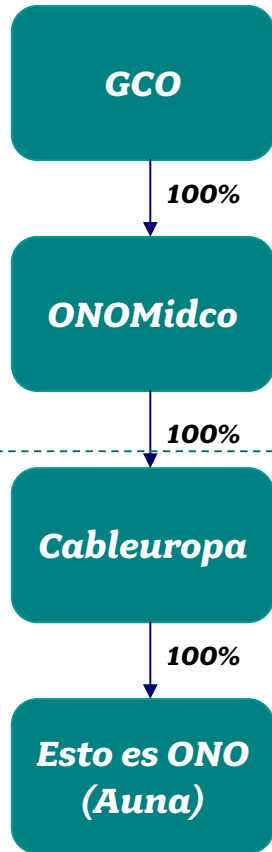


- **Update of management structure to accelerate growth:**
  - One single responsible for all residential and SMEs customers relationship
  - Transformation department split into the operating areas as projects are already in execution



***Jonathan Cumming***

30 June 2006



Reverse merger between Cableuropa and Esto es ONO. The surviving entity (Esto es ONO) renamed as Cableuropa



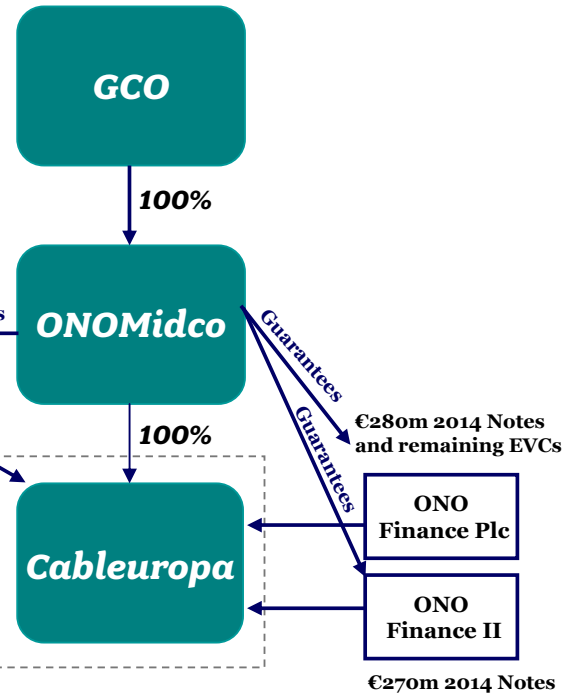
Today

Drawn @ 31 December 2006:

- Subordinated Facility (€110m)
- Participative Loan (€20m)

Drawn @ 31 December 2006:

- Senior Facility (€2,368m)
- State subsidies and ST debt (€288m)



# Diversified revenue streams

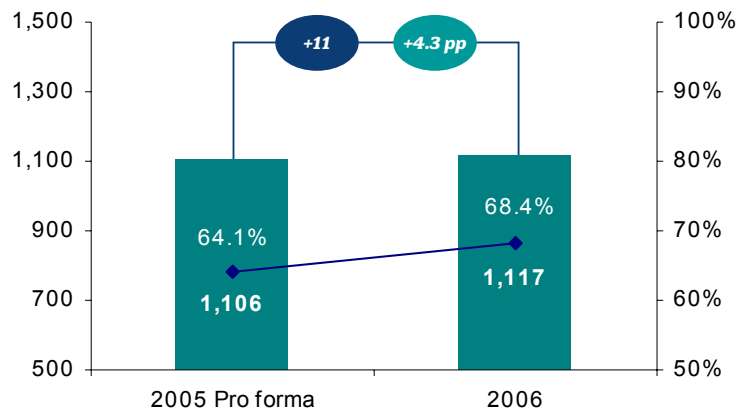


	Q4 05	Q1 06	Q2 06	Q3 06	Q4 06	2005	2006
	Pro Forma					Pro Forma	
<b>Revenues (€m)</b>	<b>425</b>	<b>420</b>	<b>407</b>	<b>403</b>	<b>404</b>	<b>1,726</b>	<b>1,633</b>
Residential direct access revenues	269	273	273	271	283	1,043	1,101
Indirect access revenues	51	28	22	14	10	222	75
Business revenues	50	68	66	68	64	202	265
Wholesale & Operators revenues	55	51	46	49	47	260	192
<b>Gross Profit (€m)</b>	<b>280</b>	<b>281</b>	<b>277</b>	<b>276</b>	<b>282</b>	<b>1,106</b>	<b>1,117</b>
<b>Gross Margin (%)</b>	<b>65.9%</b>	<b>67.0%</b>	<b>68.1%</b>	<b>68.5%</b>	<b>69.8%</b>	<b>64.1%</b>	<b>68.4%</b>
<b>Net Opex (€m)</b>	<b>(164)</b>	<b>(150)</b>	<b>(140)</b>	<b>(137)</b>	<b>(131)</b>	<b>(648)</b>	<b>(558)</b>
<b>EBITDA (€m)</b>	<b>116</b>	<b>131</b>	<b>137</b>	<b>139</b>	<b>151</b>	<b>458</b>	<b>558</b>
<b>EBITDA margin (%)</b>	<b>27.3%</b>	<b>31.3%</b>	<b>33.6%</b>	<b>34.5%</b>	<b>37.4%</b>	<b>26.5%</b>	<b>34.2%</b>
<b>Capex (€m)</b>	<b>(231)</b>	<b>(121)</b>	<b>(115)</b>	<b>(133)</b>	<b>(221)</b>	<b>(783)</b>	<b>(590)</b>
<b>Op. FCF (€m)</b>	<b>(115)</b>	<b>10</b>	<b>22</b>	<b>6</b>	<b>(70)</b>	<b>(325)</b>	<b>(32)</b>

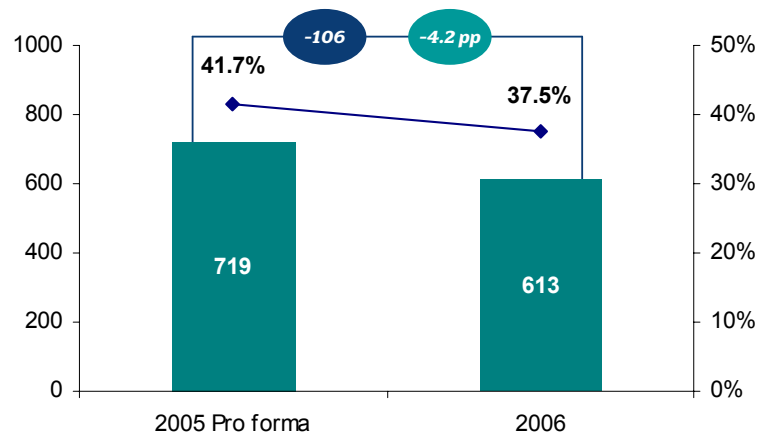
# On the road to efficiency levels achieved in the past



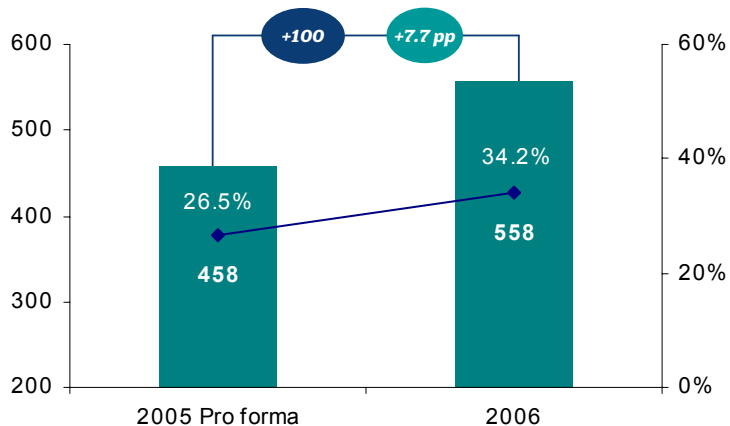
## Gross Profit (€m) and Gross margin (%)



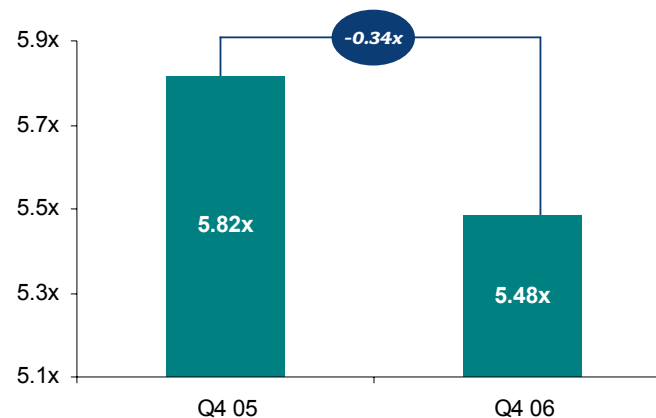
## Gross opex (€m) and % over revenues



## EBITDA (€m) and EBITDA margin (%)

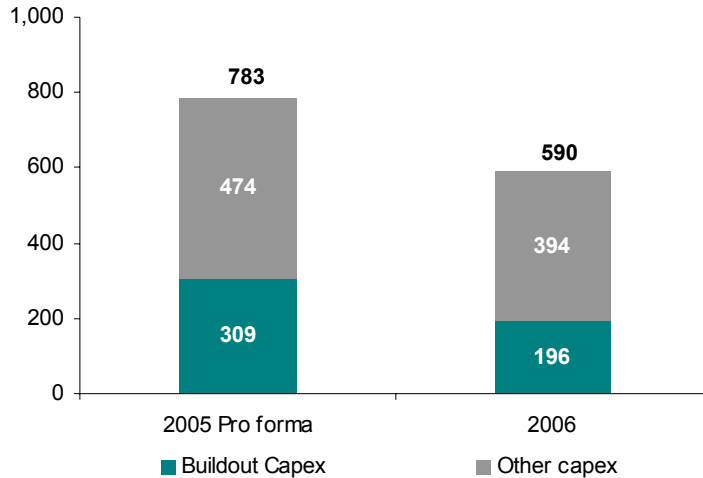


## Leverage (x)

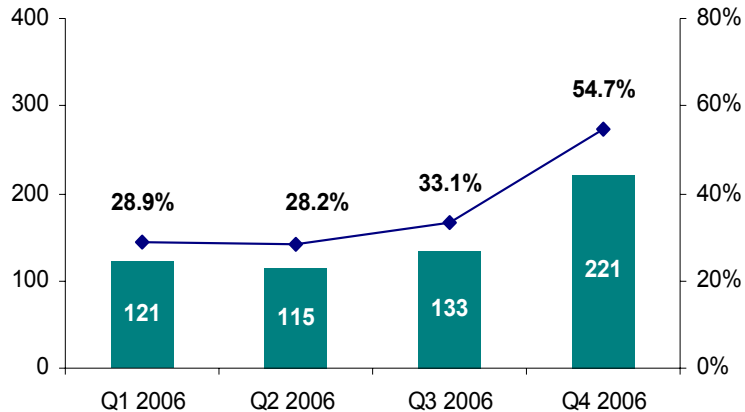


- **Reverse merger**
  - Common stock and Share premium shown in the Balance Sheet correspond to Old Auna
  - Negative Goodwill reclassified to Commitments and Contingencies
  
- **Purchase Price Allocation**
  - 12 months timeframe limit from effective acquisition date for reassessment
  - Commitments and Contingencies revalued
  - Unassigned difference booked in the Deferred Income caption
    - When IFRS are applied this caption would be allocated in Net Equity

**Capex split (€m)**



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

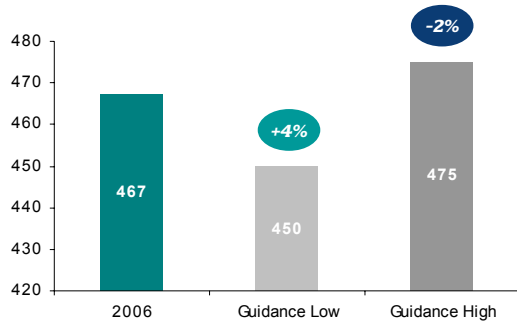


- **Capex reduction of ~€200 million in 2006 due to:**
  - Renegotiation of contracts with suppliers
  - Streamline of the provision processes
  - Reduction of cost per HRTM
  - Reduction of cost per customer installation

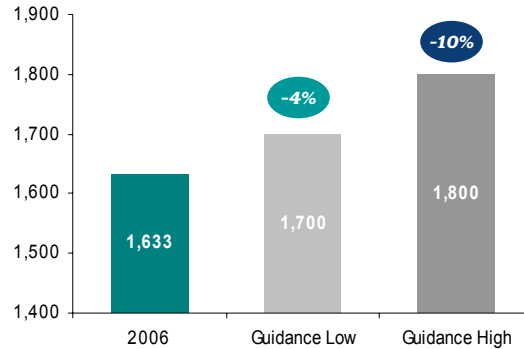
# 2006 Guidance compliance



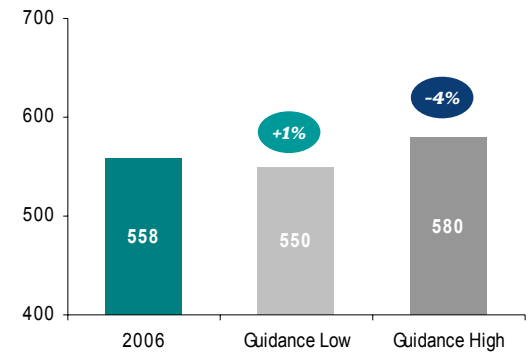
### HRTM ('000)



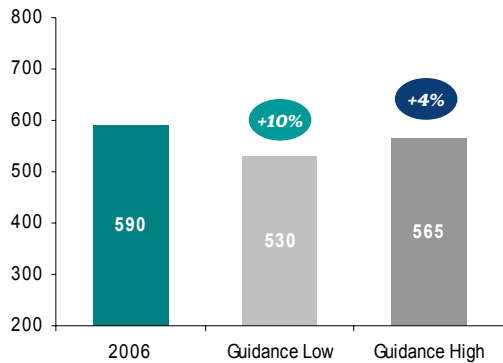
### Revenues (€m)



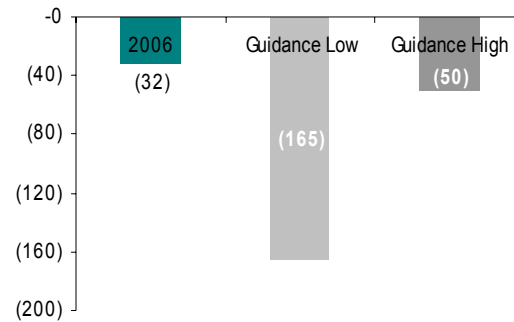
### EBITDA (€m)



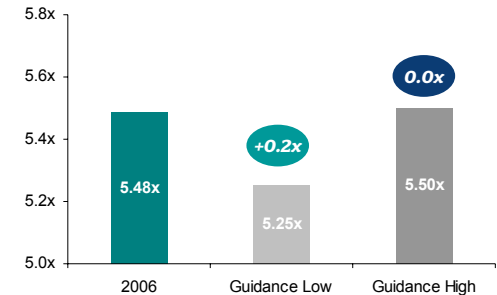
### Capex (€m)



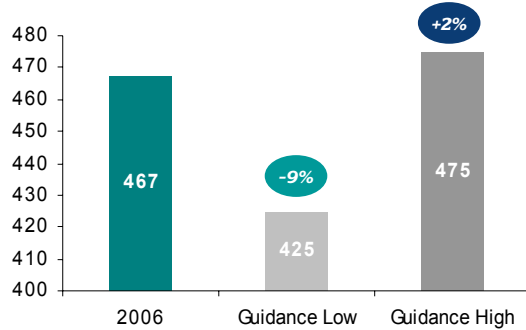
### Operating FCF (€m)



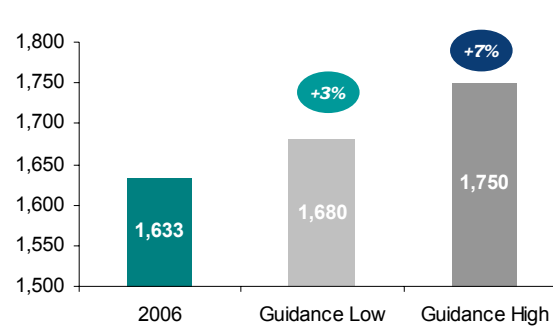
### Leverage (x)



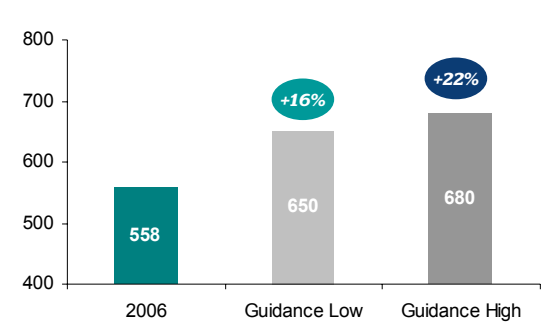
### HRTM ('000)



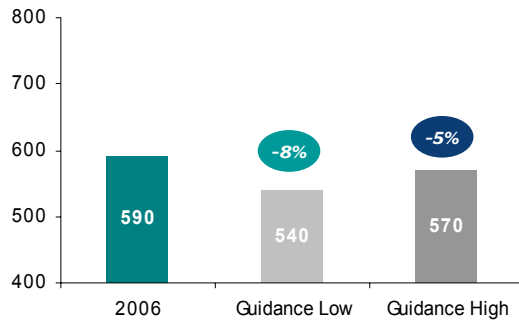
### Revenues (€m)



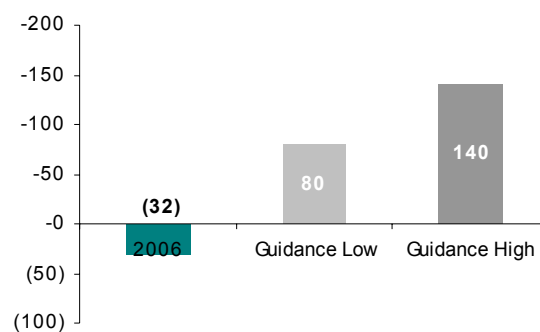
### EBITDA (€m)



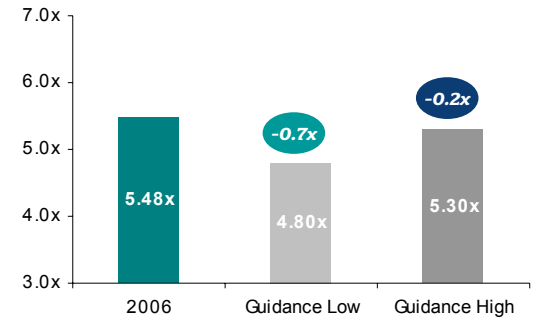
### Capex (€m)



### Operating FCF (€m)



### Leverage (x) LQA



# Current financial structure



Type of debt	Max available (€m)	Drawn @ 31/12/06 (€m)	Liquidity	Average life Q4 06	Maturity	Average Interest rate
Senior facility (*)	3,000	2,368	632	4.8	2007-13	5.09%
State subsidies and other	78	78	-	2.5	2012	2.00%
Other credit facilities (**)	240	191	49	n.a.	n.a.	3.82%
<b>Senior Subordinated Notes:</b>	<b>550</b>	<b>550</b>				<b>9.49%</b>
Floating Rate Notes 2014	100	100	-	7.5	2014	11.68%
10.5% Fixed Rate Notes 2014	180	180	-	7.5	2014	10.50%
8% Fixed Rate Notes 2014	270	270	-	7.5	2014	8.00%
<b>Senior Subordinated Facilities:</b>	<b>130</b>	<b>130</b>				<b>9.53%</b>
Subordinated facility	110	110	-	7.5	2014	9.54%
Participative Loan	20	20	-	7.5	2014	9.50%
<b>Total</b>	<b>3,998</b>	<b>3,316</b>	<b>681</b>	<b>5.3</b>		<b>5.85%</b>

EBITDA LQA Q4 06

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	Drawn @ 31/12/06 (€m)	%	Leverage (***)
Senior debt 2006	2,636	79.5%	4.37x
Subordinated debt 2006	680	20.5%	1.13x
<b>Total Debt</b>	<b>3,316</b>	<b>100.0%</b>	<b>5.50x</b>
Cash and cash equivalents	8		
<b>Total Net Debt</b>	<b>3,308</b>		<b>5.48x</b>

Net debt

(\*) Excluding Tranche S of Bank Guarantees (€100m) to avoid any double counting

(\*\*) Inclusive of short term credit lines, mortgages, leasing and long term bilateral bank debt agreements

(\*\*\*) EBITDA LQA Q4 2006 = €603m

## Corporate, Bond and Bank debt ratings

	Corporate	Bond debt	Bank debt	Outlook
Moody's	B1	B3	B1	Stable
Fitch	B	B -	BB -	Positive
Standard & Poor's	B	CCC+	NR	Positive

## 2006 financial strategy

- Improvement of leverage ratios
- Reduction of margin paid by 100 bps
- Control of financial risks
- Improvement of credit ratings

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***For additional information, please contact  
[investor.relations@ono.es](mailto:investor.relations@ono.es)***