

Q4 and Full Year 2009

Preliminary Unaudited Results

16 March 2010



Disclaimer

This document contains statements that constitute forward looking statements. These statements appear in a number of places in this document and include statements regarding the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activity and situation relating to the Company. The forward-looking statements in this document can be identified, in some instances, by the use of words such as "expects", "anticipates", "intends", "believes", and similar language or the negative thereof or by forward-looking nature of discussions of strategy, plans or intentions.

Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and other important factors that could cause actual developments or results to differ materially from those expressed in our forward looking statements.

Analysts and investors are cautioned not to place undue reliance on those forward looking statements which speak only as of the date of this presentation. ONO undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect events and circumstances after the date of this presentation, including, without limitation, changes in ONO's business strategy or to reflect the occurrence of unanticipated events. Analysts and investors are encouraged to consult the Company's public reports.

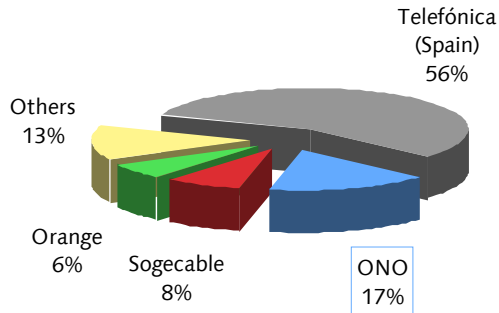
The financial information contained in this document has been prepared under Spanish GAAP. This financial information is unaudited and pending Board approval therefore, is subject to potential future modifications.



Operating performance

The leading triple play operator in Spain

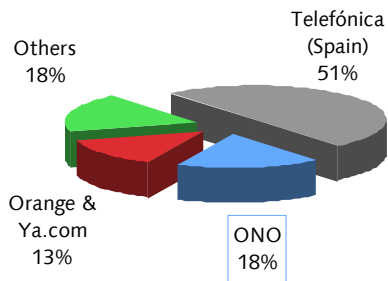
Total retail market share of customers



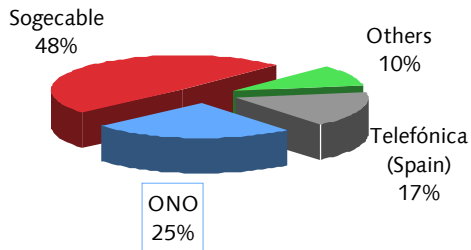
Triple play customers (Q4 09)

	# customers
Triple play	653.025

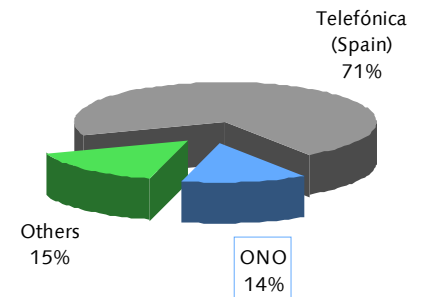
Broadband



Pay TV

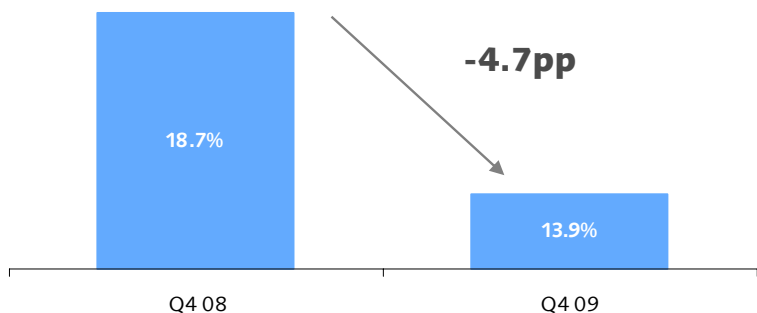


Telephony

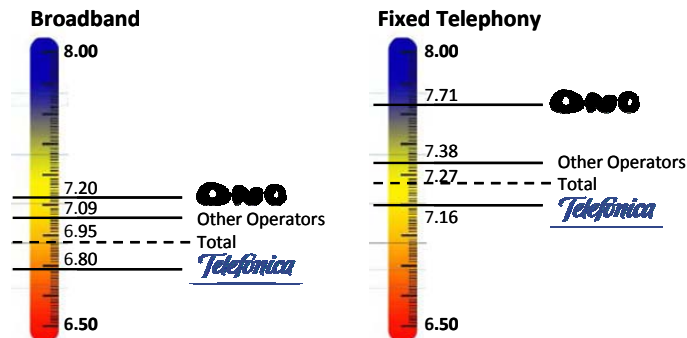


Substantial improvement in all operating metrics in 2009

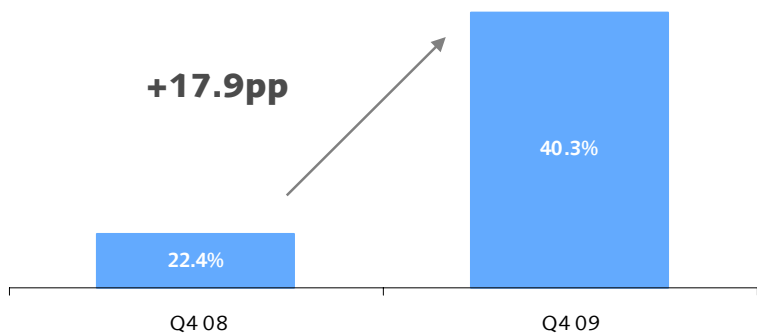
Net churn - Cable



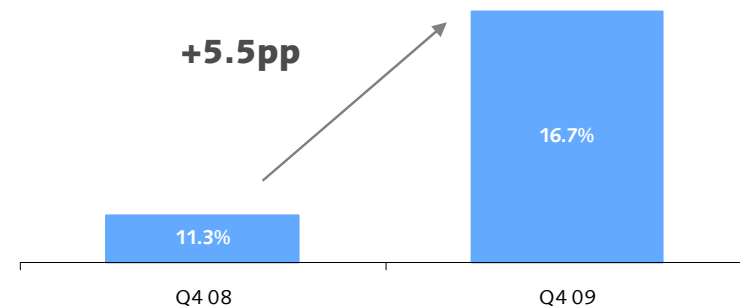
Customer satisfaction scores (*)



Triple play sales



Sales through Internet channel



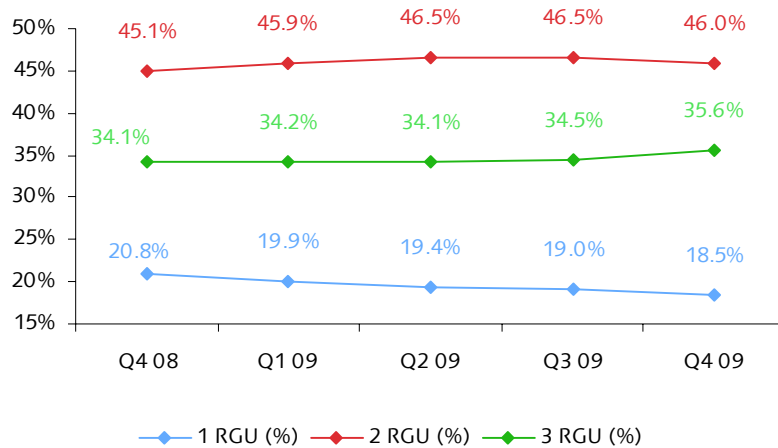
Good progress in customer acquisition

	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09	YoY
Homes released to marketing ('000)	6,963	6,969	6,990	6,995	7,004	0.6%
Residential ('000)	1,919	1,912	1,903	1,888	1,902	(0.9%)
Residential cable customers ('000)	1,853	1,845	1,835	1,819	1,825	(1.5%)
Customer penetration (%)	26.6%	26.5%	26.2%	26.0%	26.1%	(0.6 pp)
Revenue generating units - Cable ('000)	3,960	3,958	3,940	3,929	3,967	0.2%
Broadband	1,283	1,295	1,302	1,303	1,326	3.4%
Television	1,039	1,016	991	977	975	(6.2%)
Telephony	1,638	1,646	1,647	1,648	1,666	1.7%
RGUs per customer (#)	2.14	2.15	2.15	2.16	2.17	1.7%
Triple play (%)	34.1%	34.2%	34.1%	34.5%	35.6%	1.5 pp
Net churn (%) ^(*)	18.7%	15.7%	15.9%	17.3%	13.9%	(4.7 pp)
ARPU (€)	53.2	51.9	51.2	50.2	51.0	(4.1%)
Residential ULL customers ('000)	65	67	68	70	77	17.0%
SME customers ('000)	69	68	67	67	67	(3.2%)

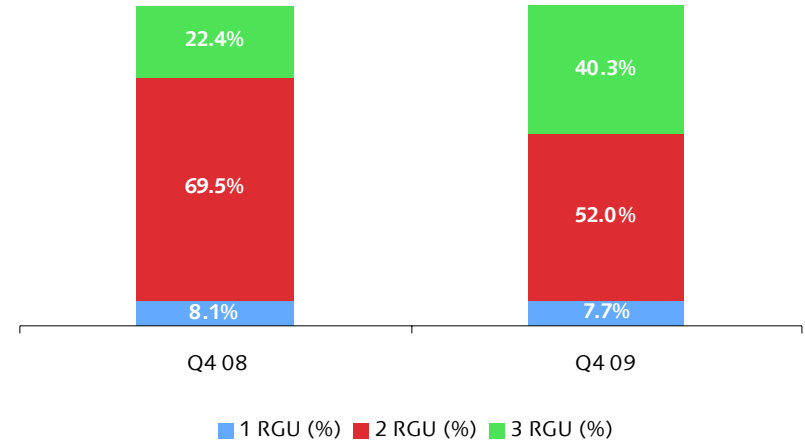
(*) Net churn is presented net of customers moving into a new home that continue to subscribe to ONO's services

Success of the bundling strategy

Bundling customers base (%)



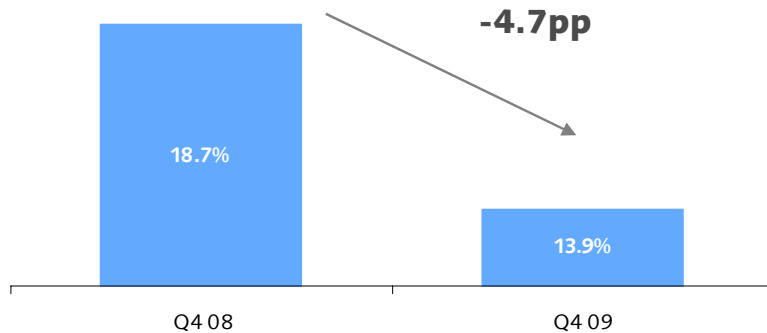
Bundling acquisition mix (%)



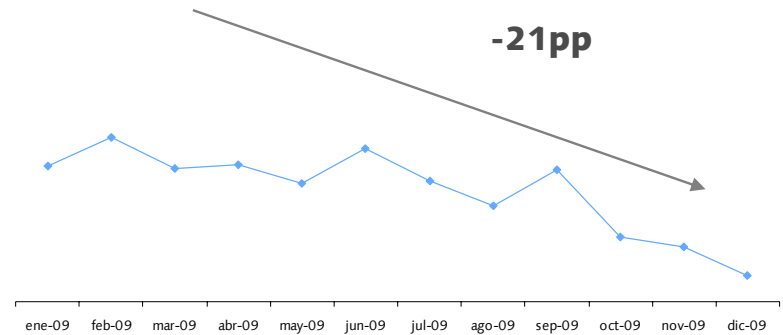
- Strong focus on double and triple play
- Increased emphasis on acquiring customers with telephony and broadband services
- Good market segmentation and broad array of offering within each bundle
- Focus on selling lower churn bundles including telephony

Significant improvement in churn

Net churn - Cable



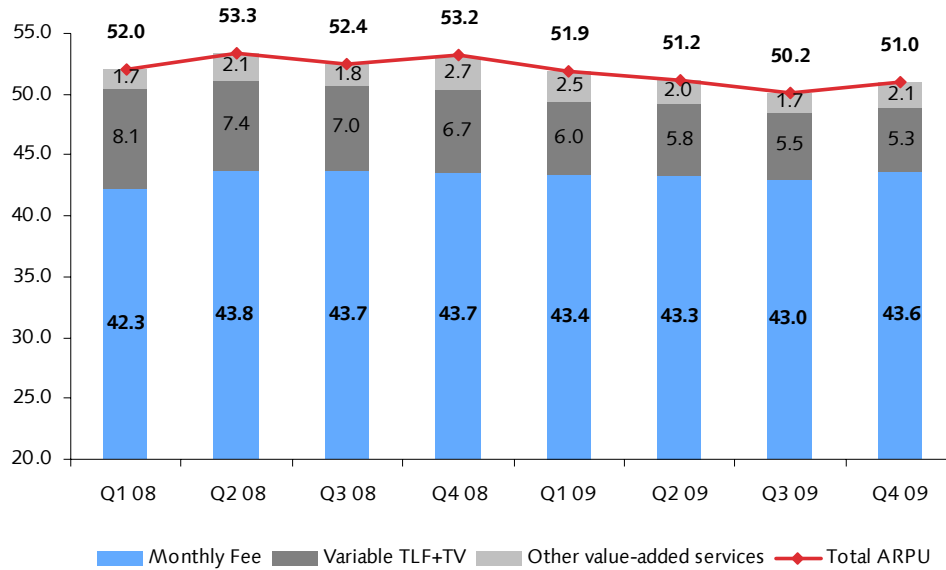
Early churn



- Net churn reduction driven by:
 - Credit scoring and barriers to entry (connection / installation fees)
 - Targeted marketing expense
 - Focus on low churn packages
 - Increase in sales through pull channels
 - Improved customer service metrics

Stable ARPU despite negative macroeconomic environment

ARPU evolution (€)



- In Q4 09, the increase in 3P bundles improves fixed monthly fee
- ARPU erosion since Q4 08 mainly driven by:
 - Reduction in fixed-to-mobile which have been substituted by fixed-to-fixed calls
 - Reduced TV variable consumption due to less PPV and pay VOD take-up

2010 - national deployment of DOCSIS 3.0 to show differential in broadband

- DOCSIS 3.0 investment rationale
 - Reasonable investment for speed and capacity extensions...
 - ... to allow large customer base to benefit from high-speed broadband
- Key expected benefits
 - Best quality offer in the marketplace
 - Competitive product portfolio with wide array of offers
 - Improved churn rates
 - Protection of market share and ARPU
- ONO has already deployed DOCSIS 3.0 in Madrid and has started to deploy it in the rest of the network
- Migration of customer to higher and "real" speeds currently on track

Broadband Packages	Benefiting from DOCSIS3.0
<1Mb	✓
6Mb	✓ ✓
12Mb	✓ ✓ ✓
25Mb+	✓ ✓ ✓ ✓

Residential broadband



Internet

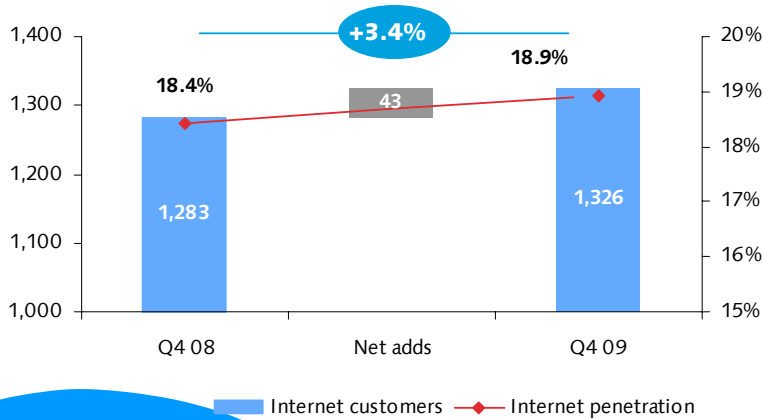


ONO residential broadband

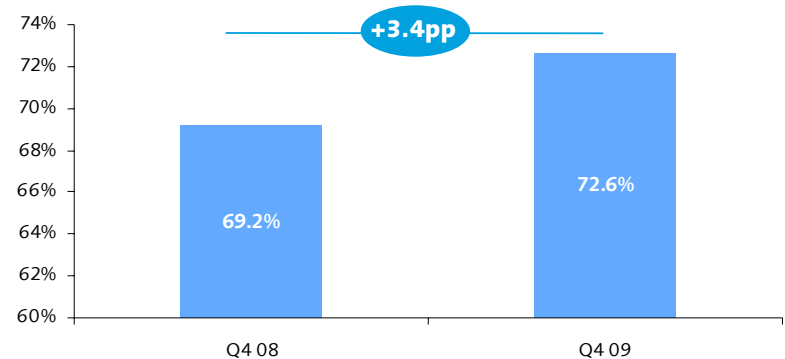
- 1.3 million customers
- 18.9% penetration of homes, 72.6% penetration of customers
- Positive trend in new customers taking high speed internet (50Mb & 12Mb)
- Competitively priced offer with "real" speeds
- Mobile broadband growing steadily



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



% of customers taking BB Internet



Television



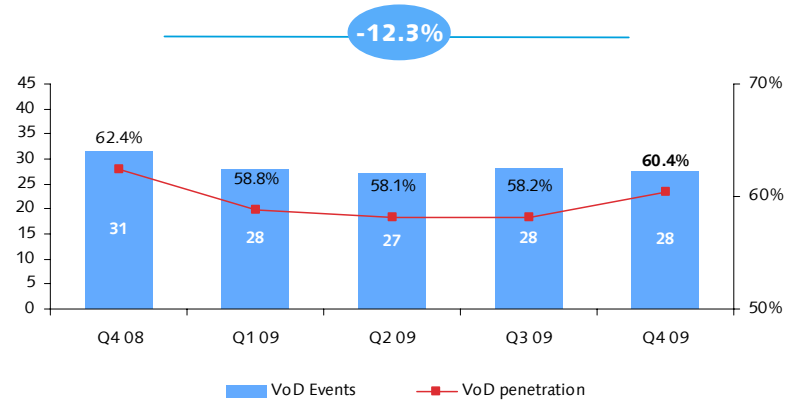
Television



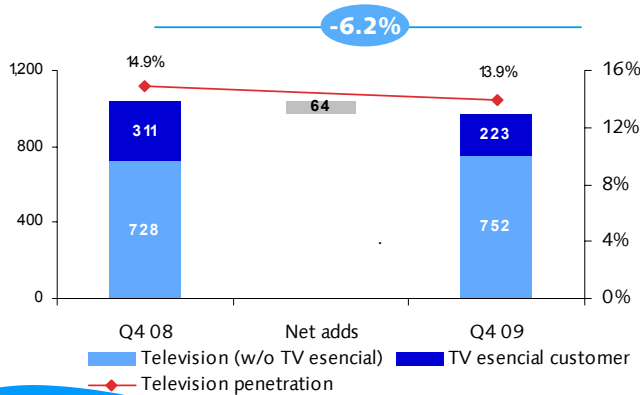
ONO residential television

- Lower TV consumption due to less cinema and Football PPV
- Success of Gol TV channel – over 120,000 customers by January 2010
- Improved customer mix with higher penetration of premium bundles

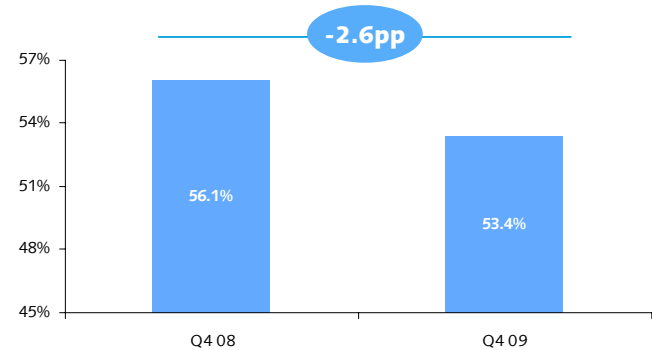
VoD events per quarter (million) & penetration (%)



Television customers ('000) & penetration (%)



% of customers taking TV



Residential telephony



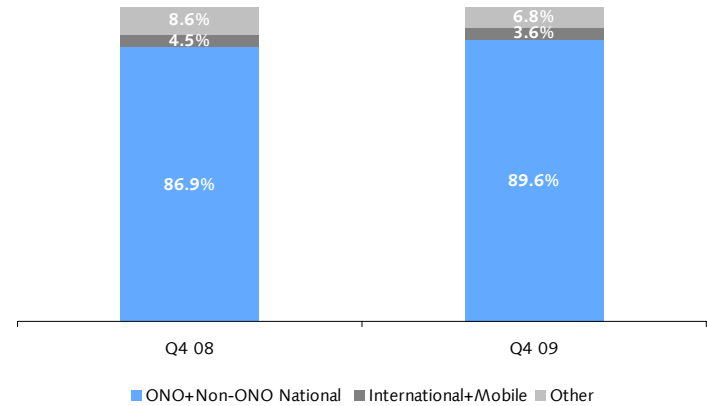
Telephony



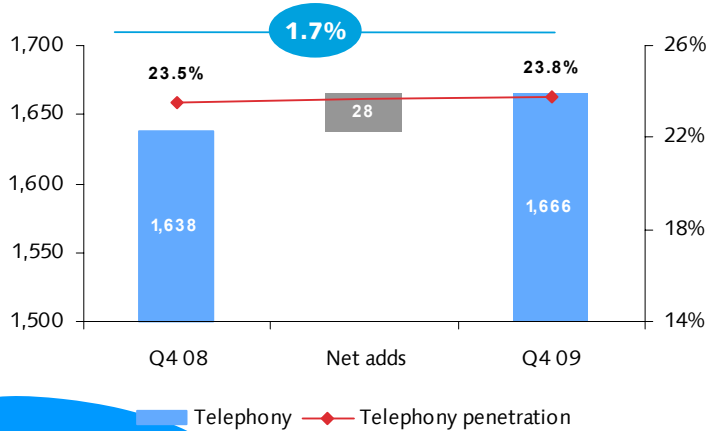
ONO residential telephony

- 1.7 million customers, increase of 28,000 in the last twelve months
- Local and national usage patterns remain strong
- Reduction in minutes to mobile, international and premium rate numbers

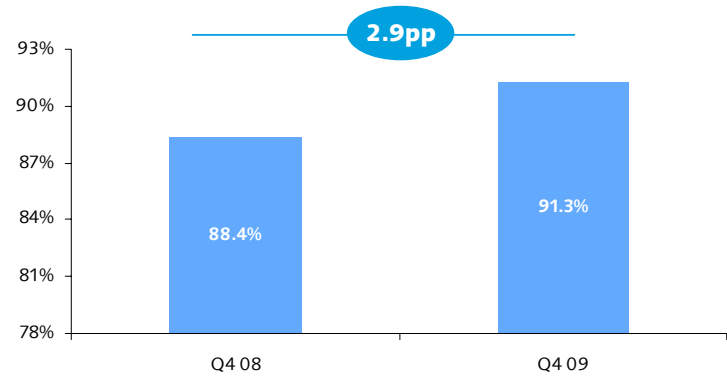
MoU of residential telephony



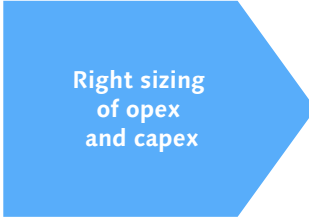


Telephony customers ('000) & penetration (%)



% of customers taking telephony



ONO's achievements to date already reflected in key metrics

Strategic Goals	Areas of Achievement	Key Metrics
 <p>Right sizing of opex and capex</p>	<ul style="list-style-type: none"> • Headcount reductions to adjust to environment • Other cost reduction initiatives to improve EBITDA margin • Elimination of duplicate regional functions • Reduction of costs and capex to move from cash consumption to cash generation • Strategic deployment of network upgrades (DOCSIS 3.0, etc.) to differentiate broadband offering 	<ul style="list-style-type: none"> • Workforce reduced by c.30% over last 18 months • Significant streamlining across direct cost and opex categories • Run-rate operating cost efficiencies of well over €100m achieved in 12 months • Build-out stopped in Q3 2008 • Optimisation of existing infrastructure and available capital resources • EBITDA-Capex margin increased from 20% in 2008 to 34% in 2009
 <p>Process improvements</p>	<ul style="list-style-type: none"> • Radical shift from push to pull channels • Reduction of SACs by improvement of sales channel mix • Focus on customer retention through further bundling initiatives • Focus on customer care 	<ul style="list-style-type: none"> • Direct sales force reduced from c.600 to c.100 staff since June 2009 • On-line sales contributing 17% of sales in Q4 2009 from 11% in Q4 2008 • Residential installed sale cost of €100 in 2009 vs. €154 in 2008 • Early churn lowered from up to 40% as of December 2008 to 18% as of December 2009
 <p>Marketing focus</p>	<ul style="list-style-type: none"> • Reduction of churn • Enhanced broadband speeds • Revolution in marketing to focus on sale of higher value bundles with shorter duration payback • Direct marketing and segmentation of activities • New pricing / campaign started in July/August focused on superiority of Cable vs. DSL • Value Added Services (TV options, Cable Modem maintenance & firewall, broadband speeds upgrades...) launched 	<ul style="list-style-type: none"> • Sales cancellation rate reduced from c.15% in 2008 to c.9% in 2009 • c.60% of Internet customers using 6Mb packages in 2009 • 40% lower marketing expenditure in 2009 vs 2008 • In 2009, 35% of sales are triple play (vs. c.23% in 2008)

Conclusion

- Through 2009, management and shareholders have taken decisive actions to transform the business
- Turn around of operations
- Focus on quality sales, marketing and operations
- More segmented product offering
- Increased customer satisfaction leading to record low churn rates
- Higher quality of service at low costs
- Advantage of the Internet sales channel to improve cost management

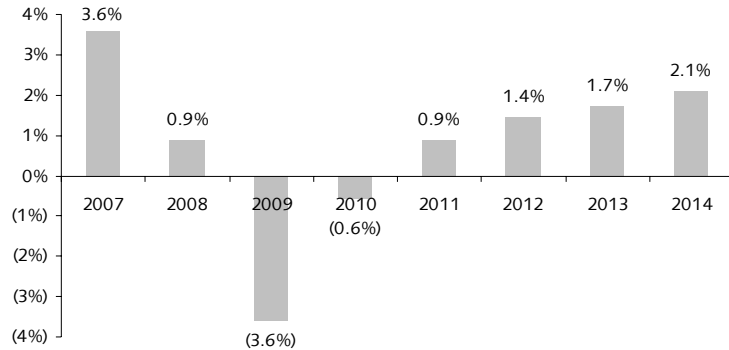
ONO is now a leaner and much more efficient company



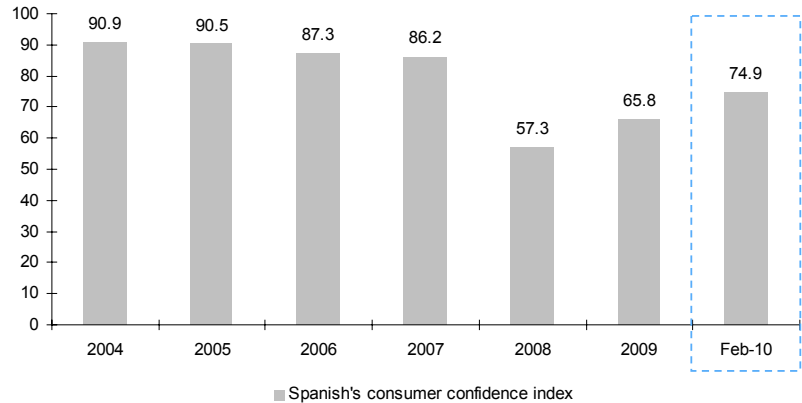
Financial performance

2010 to be challenging, with recovery in 2011?

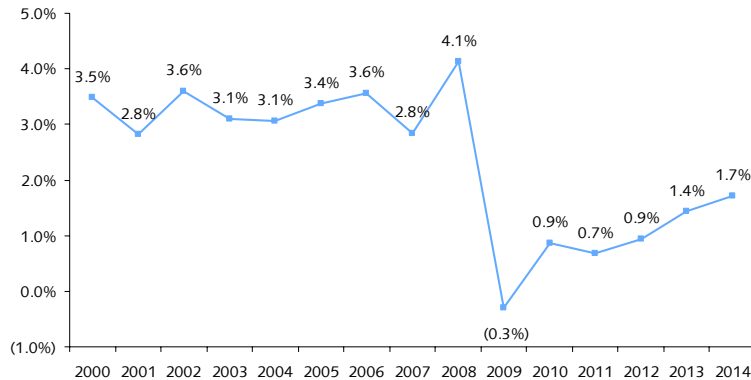
GDP growth (annual rate)



Market sentiment indicators



Inflation

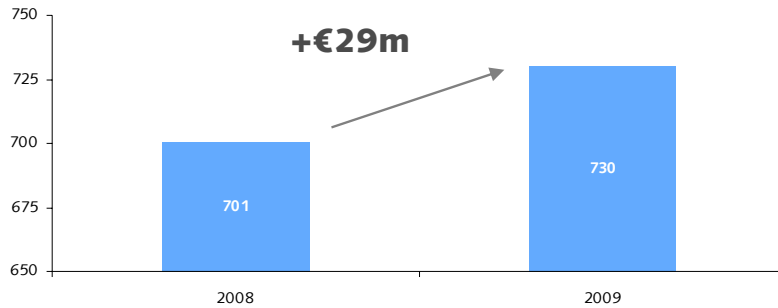


- IMF forecasts a general improvement of Spanish economy from 2010 onwards despite difficult environment in 2008-2009
- Good performance of indicators such as consumer confidence index
- Inflation under control in 2010-2014 anticipates limited pressure on prices and low interest rates

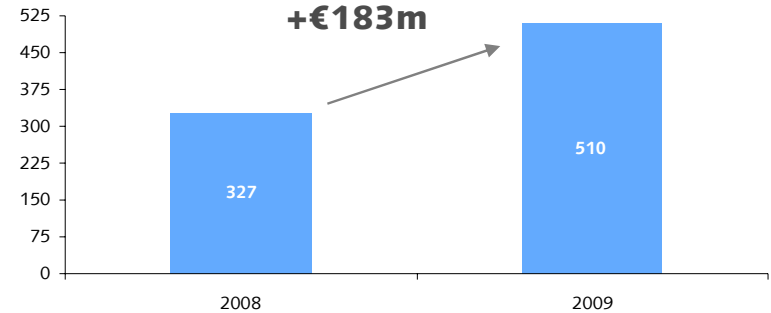
Sources: IMF and ICO

ONO progresses in a recessionary environment

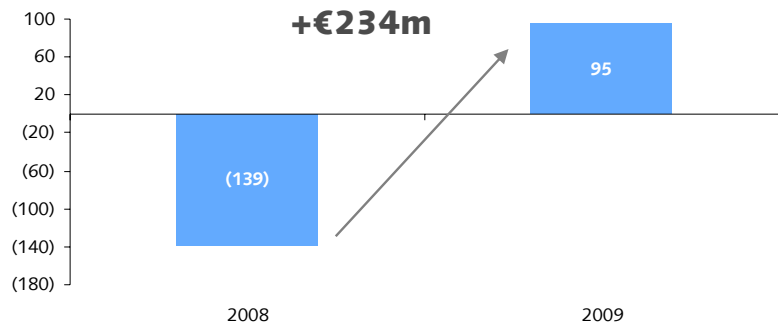
EBITDA (€m)



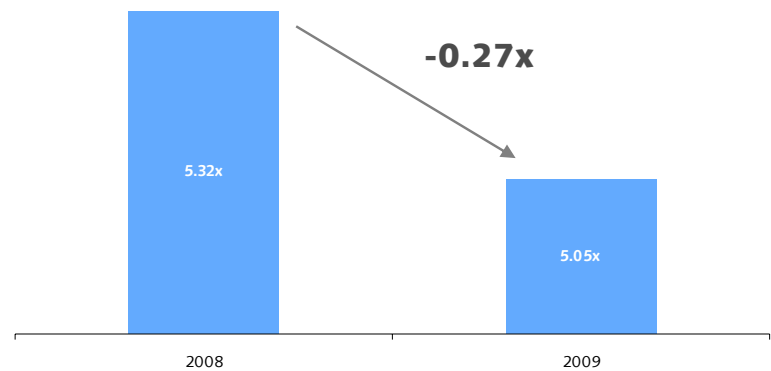
Op. Free Cash Flow (€m)



Free Cash Flow (€m)

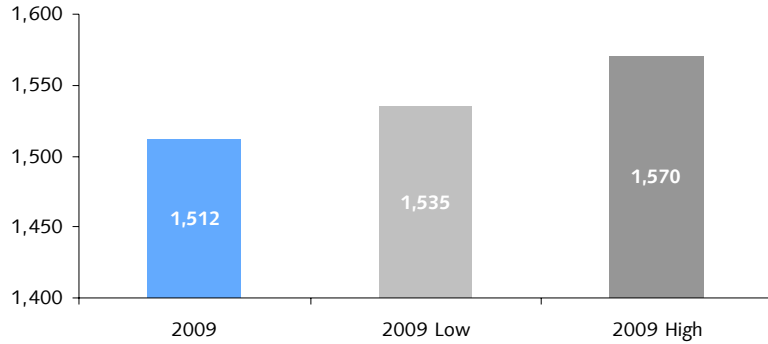


Leverage (x)

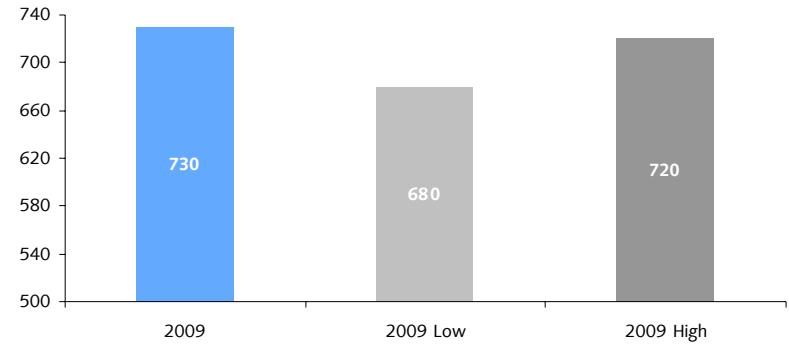


2009 Guidance compliance

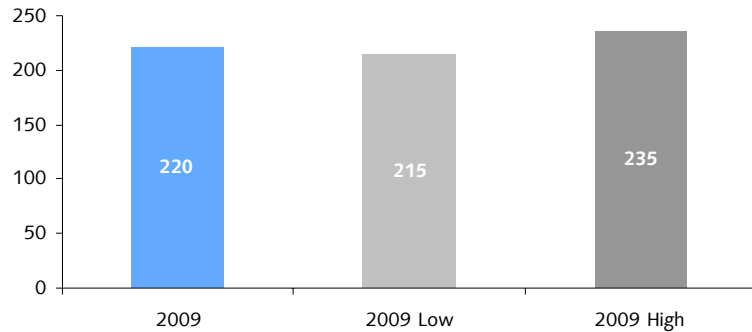
Revenue Guidance (€m)



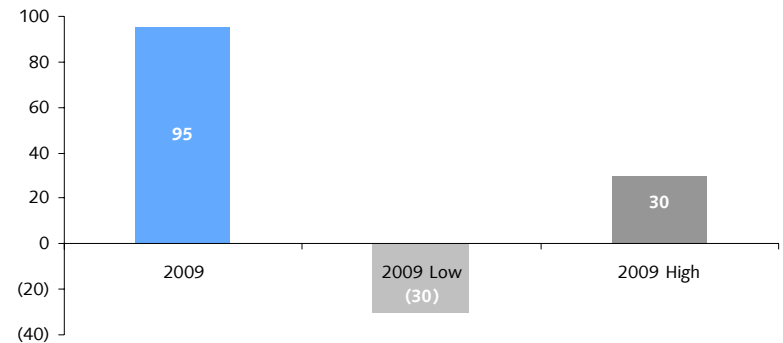
EBITDA Guidance (€m)



Capex Guidance (€m)



Free Cash Flow Guidance (€m)

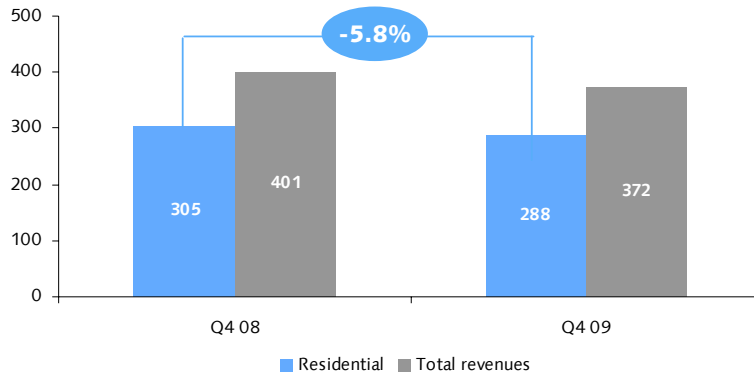


Financial performance

	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09	YoY
Residential (€m)	305	296	291	283	288	(5.8%)
Residential Cable	297	288	282	275	279	(6.2%)
Residential ULL	8	8	8	8	9	9.0%
Businesses (€m)	92	89	87	86	82	(10.7%)
SMEs	18	18	17	17	18	(1.0%)
Business	47	46	43	40	38	(18.7%)
Wholesale and other	27	26	27	30	26	(3.4%)
Indirect access (€m)	3	3	3	2	2	(39.4%)
Total revenues (€m)	401	388	380	371	372	(7.2%)
Gross Profit (€m)	308	298	293	290	303	(1.6%)
Gross Margin (%)	76.9%	76.7%	77.0%	78.0%	81.5%	4.6pp
Net Opex (€m)	(130)	(115)	(113)	(112)	(113)	(12.7%)
EBITDA (€m)	178	183	180	178	190	6.4%
EBITDA margin (%)	44.5%	47.1%	47.3%	47.9%	51.0%	6.5 pp
Capex (€m)	(78)	(51)	(51)	(49)	(70)	(10.7%)
Op. FCF (€m)	100	132	129	129	120	19.6%
FCF (€m)	33	(62)	61	20	76	133.6%

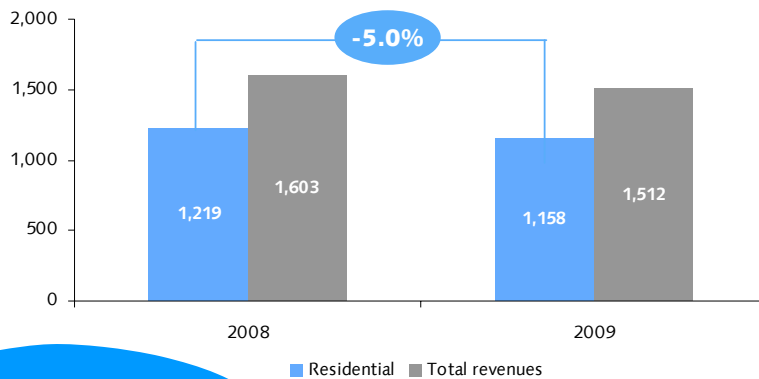
Diversified revenue streams

Quarterly revenues and Residential revenues (€m)

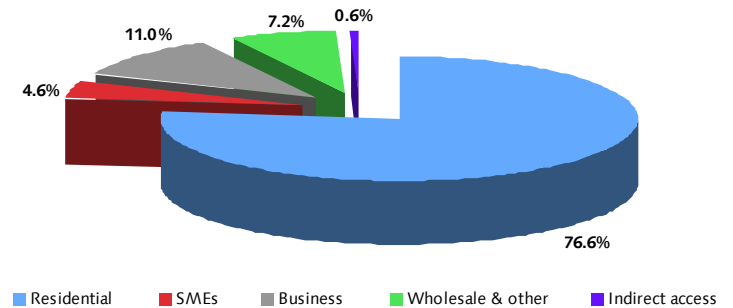


- Revenue erosion as a consequence of the difficult macroeconomic environment in line with the downtrend in revenues reported by main telecommunication operators
- ONO continues to evolve and analyze new revenue streams while reinforcing its Value Added Services offer (TV options, service maintenance, Internet firewall, broadband speeds upgrades, etc...)

Revenues and Residential revenues (€m)

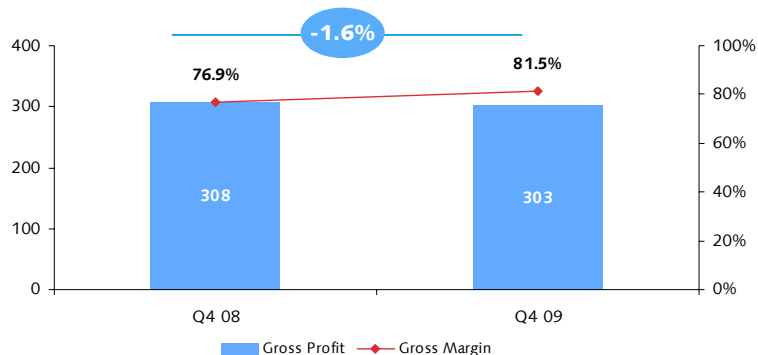


Revenue breakdown 2009 (%)

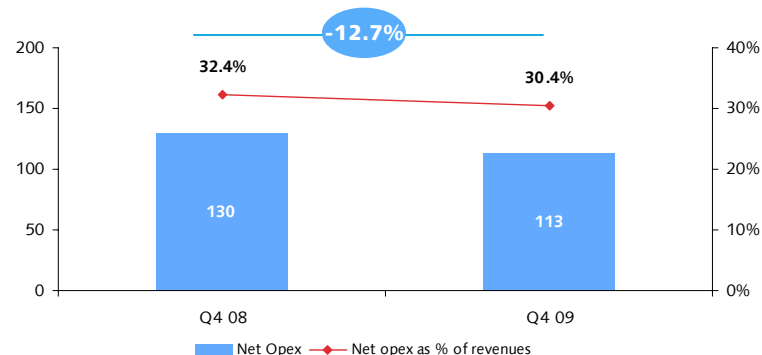


Good progress on margin

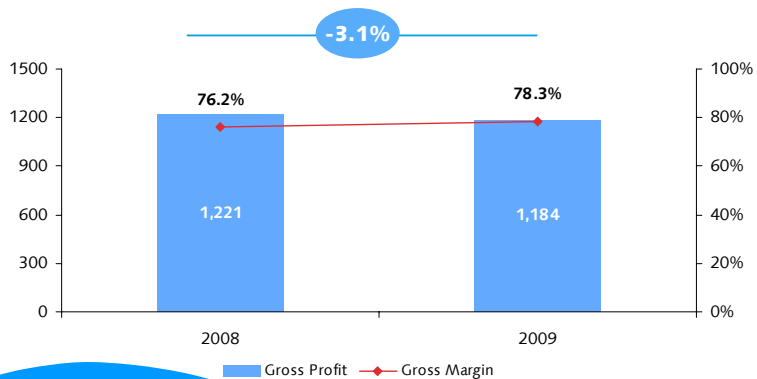
Quarterly gross profit (€m) and gross margin (%)



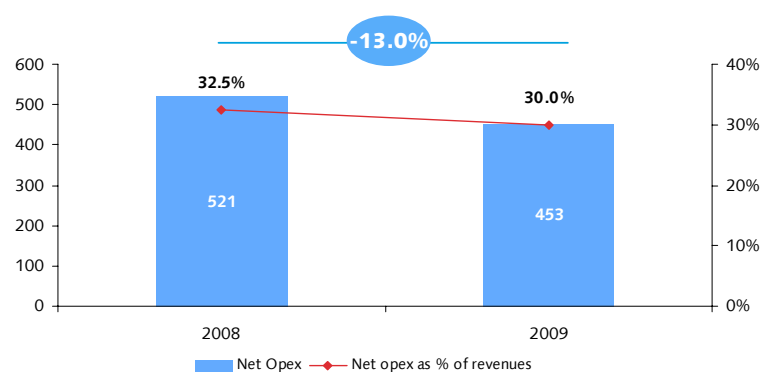
Quarterly net opex (€m) and net opex as % of revenues



Gross profit (€m) and gross margin (%)

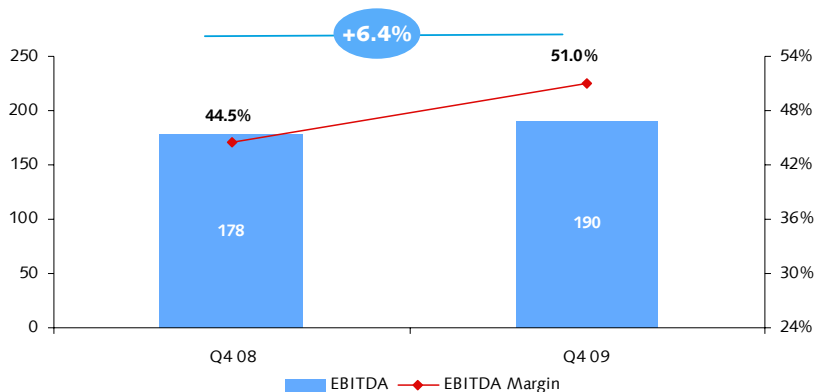


Net opex (€m) and net opex as % of revenues

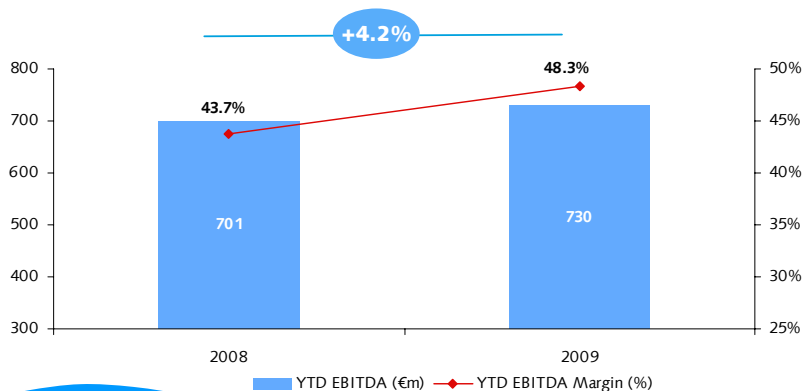


Sound EBITDA performance

Quarterly EBITDA (€m) and EBITDA margin (%)



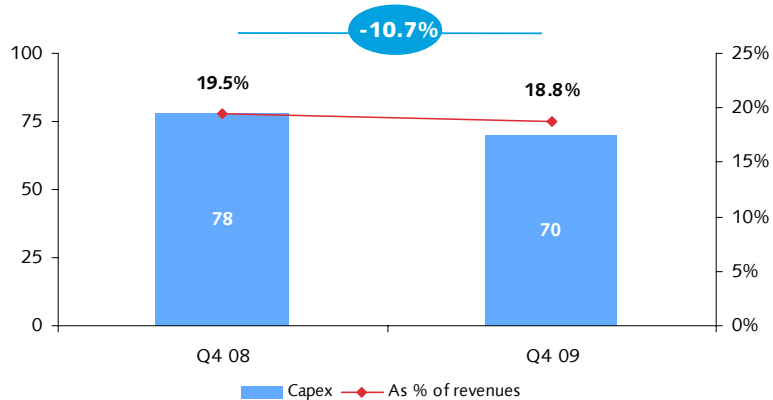
EBITDA (€m) and EBITDA margin (%)



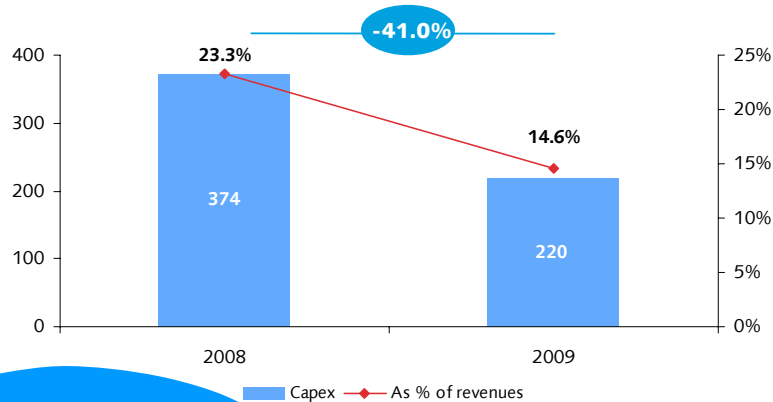
- Gross margin reached 78% in 2009 mainly due to TV content contract renegotiations and lower consumption of fixed-mobile and international telephony calls
- €10m profit from renegotiation of football content with AVS in Q4 2009
- Net opex decreased by 13% to reach €453 million following adjustments to marketing spend, sales channel strategy, headcount reduction plan and rationalization of resources amongst the different areas
- EBITDA margin place ONO amongst the most efficient telecommunication operators in Europe
- EBITDA margin up to 48.3%, reaching €730m in 2009

Capex

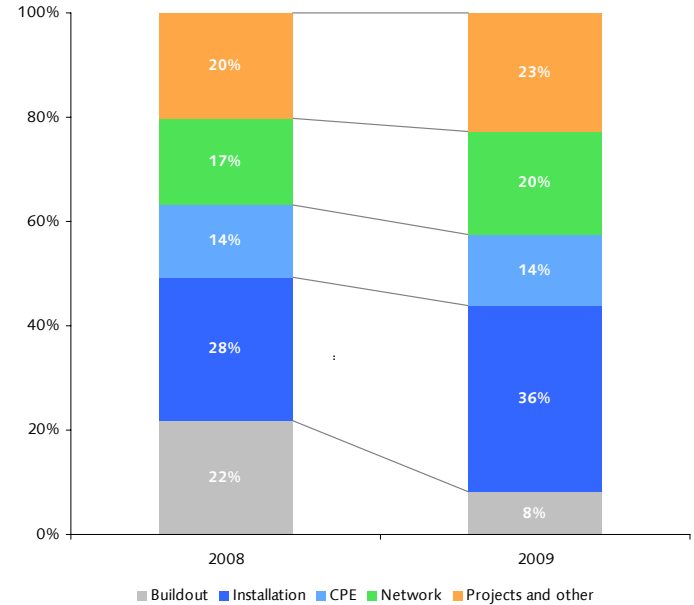
Quarterly Capex (€m) and Capex as % of revenues



Capex (€m) and Capex as % of revenues



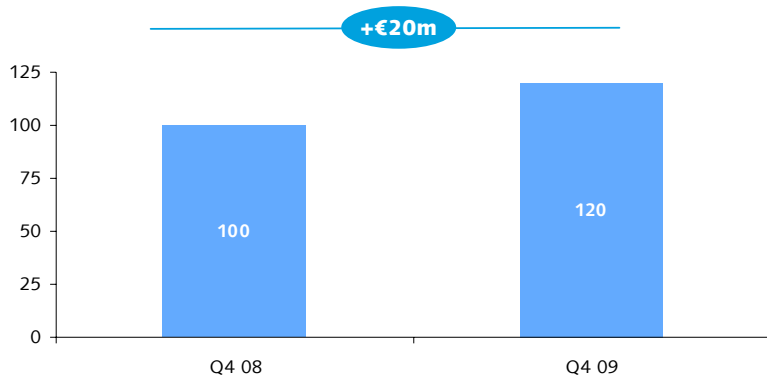
Capex breakdown (%)



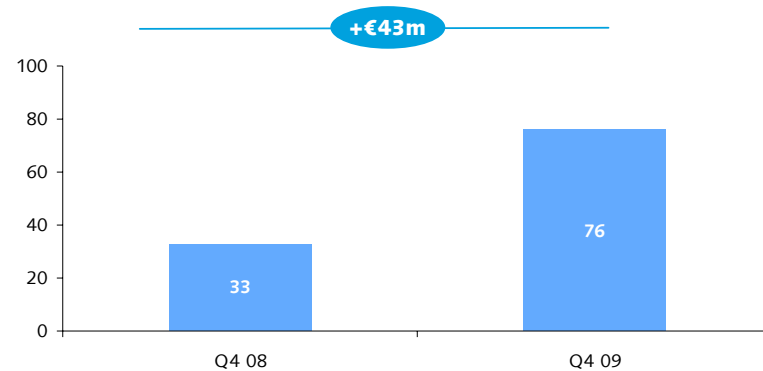
- Capex as a % of revenues decreased to 14.6% in 2009 in line with the decision to apply stringent return requirements for new investments with short payback periods
- The reduction of €153m in Capex in 2009 is mainly driven by the stoppage of network extension and reductions in sales, installations and CPEs
- Nationwide DOCSIS S 3.0 deployment started in Q4 2009

Free Cash Flow

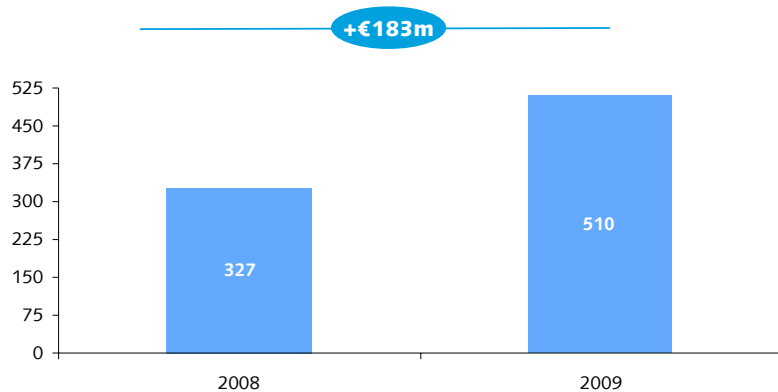
Quarterly Op. Free Cash Flow (€m)



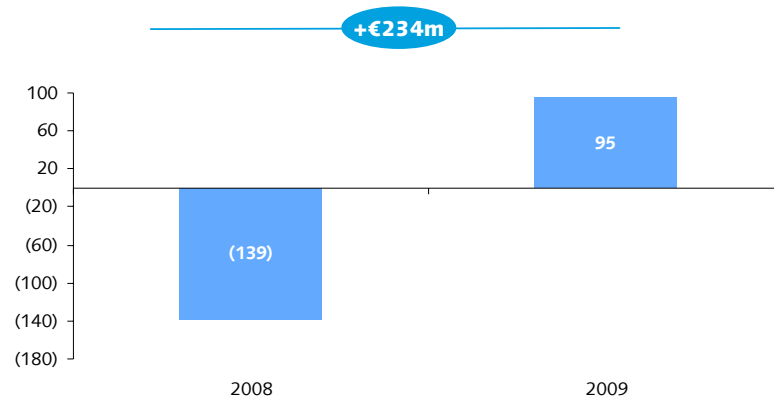
Quarterly Free Cash Flow (€m)



Op. Free Cash Flow (€m)



Free Cash Flow (€m)



Current financial structure - Cableuropa

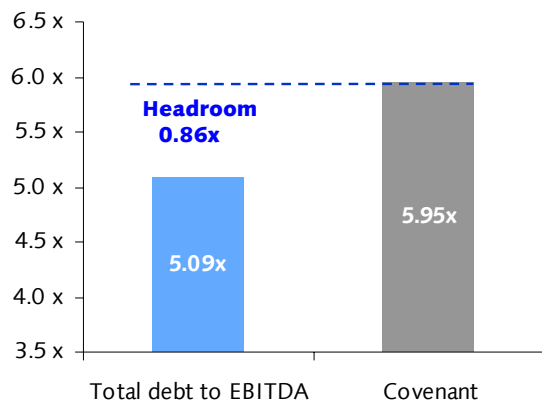
Type of debt	Max available (€m)	Drawn @ 31/12/09 (€m)	Availability	Average Interest rate	Leverage (Cableuropa)
Senior facility	3,464	3,464	-	2.68%	
Tranche A, B, C & I	2,764	2,764	-	2.51%	
Tranche D	700	700	-	3.37%	
State subsidies and other	33	33	-	1.50%	
Other credit facilities	98	81	16	2.66%	
Senior subordinated notes:	450	450	-	9.00%	
10.5% Fixed Rate Notes 2014	180	180	-	10.50%	
8% Fixed Rate Notes 2014	270	270	-	8.00%	
Participative loan	10	10	-	3.26%	
Total	4,055	4,038	16	3.37%	5.39x
Total (Hedging included)				5.38%	
Cash and cash equivalents		238		0.41%	
Total Net debt / EBITDA LQA		3,800		5.69%	5.07x
EBITDA LQA Q4 2009		749			

Corporate, Bond and Bank debt ratings

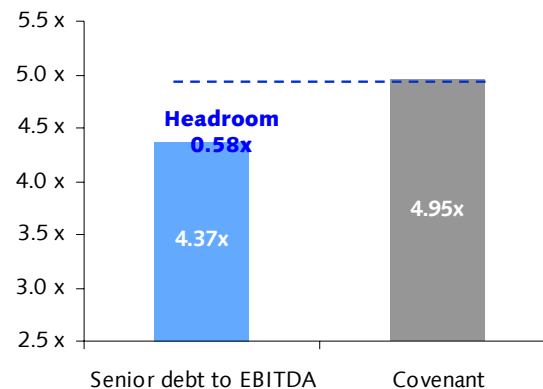
	Corporate	Bond debt	Bank debt	Outlook	Last report date
Moody's	B3	Caa2	NR	Negative	11 March 2010
Standard & Poor's	CCC+	CCC-	NR	Credit Watch	18 January 2010
Fitch	B	CCC	BB-	Negative	22 January 2010

Q4 2009 Covenants compliance - Cableuropa (Unaudited)

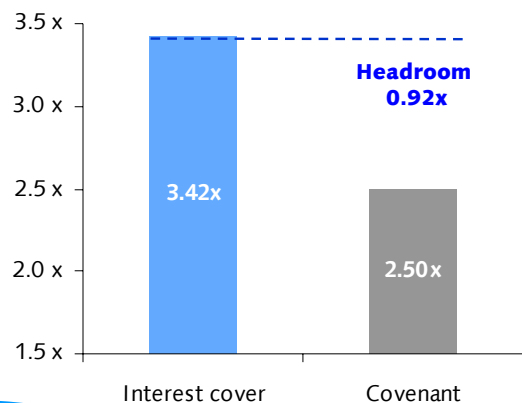
Total debt to EBITDA (x)



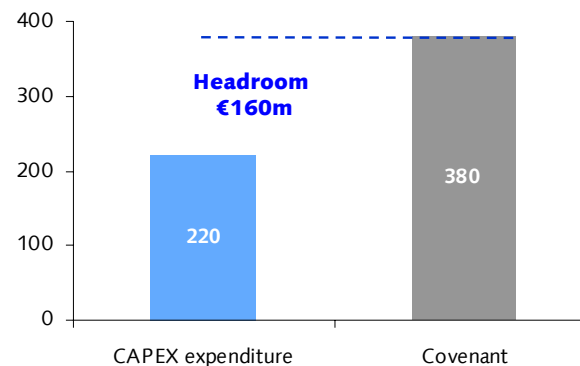
Senior debt to EBITDA (x)



Interest cover (x)



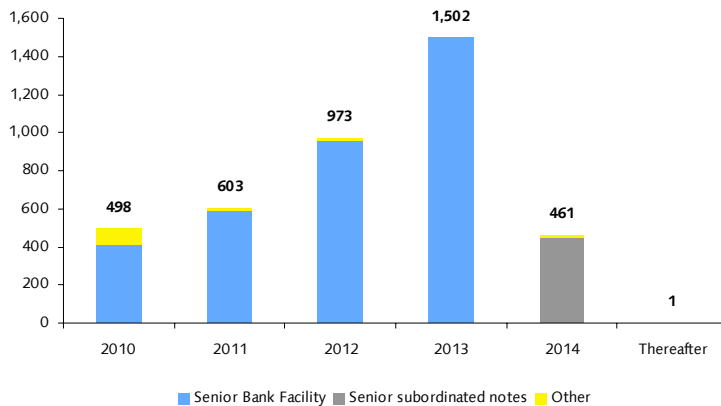
CAPEX expenditure (€m) (*)



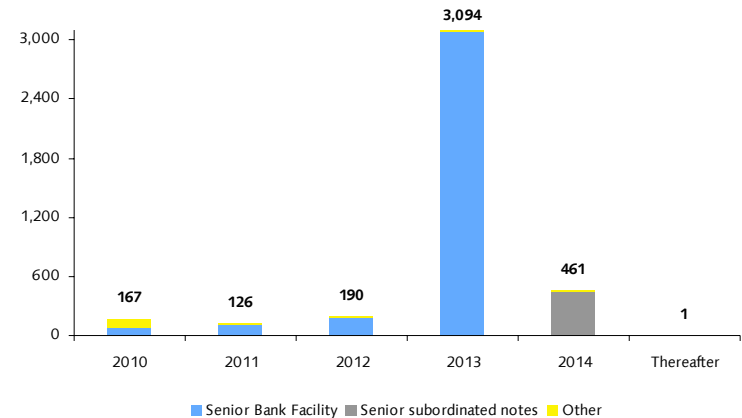
New enhanced refinancing proposal benefitting all investors

- €200m new money contribution from existing shareholders already approved by the Board of ONO
 - New money significantly larger than all precedent transactions
 - €125m will be injected day 1 and €75m contingent to support ONO's liquidity
- Amendments to existing senior facility agreement already approved by the majority of senior lenders
 - Allow new FSF's and a new revolving tranche to be added to the back deal on a *pari-passu* basis
 - Consent to permit the issuance of senior secured debt and bank debt to prepay existing syndicated loan
 - Reset financial covenants to allow adequate headroom
 - ONO will pay 25bps consent fee
- High percentage of A & B lenders and 100% of tranche I lenders already committed to roll their participation into the new FSF's:
 - Maturity June 2013
 - 125bps margin uplift
 - 75 bps participation fee on the committed amount

Debt maturity before transaction



Debt maturity after transaction



Covenant reset to allow adequate headroom - Cableuropa

Total debt to annualized EBITDA																
	2009	2010				2011				2012				2013		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Former covenant	5.95x	5.85x	5.75x	5.50x	5.35x	4.00x	3.75x	3.50x	3.50x	3.50x	3.50x	3.50x	3.50x	3.50x	3.50x	3.50x
New covenant	6.40x	6.40x	6.40x	6.40x	6.25x	6.10x	6.00x	5.90x	5.80x	5.60x	5.40x	5.20x	5.00x	4.90x	4.80x	4.70x

Total senior debt to annualized EBITDA																
	2009	2010				2011				2012				2013		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Former covenant	4.95x	4.90x	4.75x	4.60x	4.40x	3.50x	3.50x	3.50x	3.50x	3.50x	3.50x	3.50x	3.50x	3.50x	3.50x	3.50x
New covenant	5.70x	5.70x	5.70x	5.60x	5.50x	5.40x	5.25x	5.20x	5.10x	4.90x	4.70x	4.50x	4.30x	4.20x	4.10x	4.00x

Interest cover ratio																
	2009	2010				2011				2012				2013		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Former covenant	2.50x	2.50x	2.50x	2.50x	2.50x	3.50x	3.50x	3.50x	3.50x	3.50x	3.50x	3.50x	3.50x	3.50x	3.50x	3.50x
New covenant	2.42x	2.40x	2.32x	2.36x	2.42x	2.54x	2.68x	2.72x	2.72x	2.70x	2.70x	2.71x	2.73x	2.74x	2.75x	2.80x

Maximum capex																
	2009	2010				2011				2012				2013		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Former covenant	380	100	200	300	360	na	na	na	na	na	na	na	na	na	na	na
New covenant	257	85	165	230	290	85	165	230	290	85	165	230	285	85	165	230

Note: New covenants measured on LTM basis

2010 Guidance

	Unit	Guidance low	Guidance high	2009
Revenues	€m	1,450	1,500	1,512
EBITDA	€m	700	720	730
Capex	€m	230	260	220
Free cash flow	€m	30	80	95

- This Guidance is based on GDP growth in Spain in 2010 of -0.1% and unemployment of 19.8%. If macroeconomic conditions worsen, the Guidance numbers will need to be revised

ONO's strategic goals for 2010

Goals

Future areas of achievement

Operational

- Grow market share of all residential and business services
- Improve RGUs per customer focusing on 3P bundles
- Continue focus on churn reduction

Financial

- Change revenue trend in 2010
- Continue ONO Transformation Plan and keep focus on efficiency
- Improve EBITDA growth
- Continue driving FCF generation

Strategic

- Continue investing in DOCSIS 3.0 to provide fast and reliable services
- Double speed (both downstream and upstream) of the acquisition offer
- Plan to migrate customers to higher and "real" speeds
- Develop mobile broadband as value added service and loyalty tool



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***For additional information, please contact
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