

# Q1 2008 Results

Investor Relations

22 May 2008

The logo for ONO, consisting of the letters 'O', 'N', and 'O' in a bold, rounded, black font.

# Disclaimer

The Projections, defined as all data in this presentation and comments with regards to 2008, contain forward-looking statements (any statement other than those made solely with respect to historical facts) based upon management's beliefs, as well as assumptions made by and data currently available to management. This information has been, or in the future may be, included in reliance on the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on a variety of assumptions that may not be realized and are subject to significant business, economic, judicial and competitive risks and uncertainties, including those set forth above, many of which are beyond ONO's ("the Company") control. The Company's actual operations, financial condition, cash flows or operating results may differ materially from those expressed or implied by any such forward-looking statements and the Company undertakes no obligation to update or revise any such forward-looking statements.

The Projections are based on certain estimates with respect to the Company's liquidity, capital resources and results of operations for the full year 2008 and are subject to a number of risks and uncertainties including, but not limited to, the following: the ability of the Company to continue as a going concern; the ability of the Company and its subsidiaries to operate pursuant to the terms of their existing credit facilities and arrangements; the ability to fund, develop and execute the Company's business plan; competitive pressures from other companies in the same or similar lines of business as the Company; trends in the economy as a whole which may affect subscriber confidence and demand for the goods and services supplied by the Company; the ability of the Company to predict consumer demand as a whole, as well as demand for specific goods and services; the acceptance and continued use by subscribers and potential subscribers of the Company's services; changes in technology and competition; the Company's ability to achieve expected operational efficiencies and economies of scale and its ability to generate expected revenue and achieve assumed margins; the ability of the Company to attract, retain and compensate key executives and other personnel; the ability of the Company to maintain existing arrangements and / or enter into new arrangements with third party providers and contract partners; potential adverse publicity; as well as other factors detailed from time to time in the Company's public reports. Given these and other uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements contained in the Projections.

The financial information contained in this presentation has been prepared under Spanish GAAP. Additionally, on 16 November 2007 the Spanish Government issued a new Spanish GAAP Royal Decree. The new standards take effect from January 1, 2008. We are currently assessing the impacts of these new accounting standards in our records.

This financial information is unaudited and, therefore, is subject to potential future modifications. 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 presentation are cautioned not to place undue reliance on this unaudited pro forma information



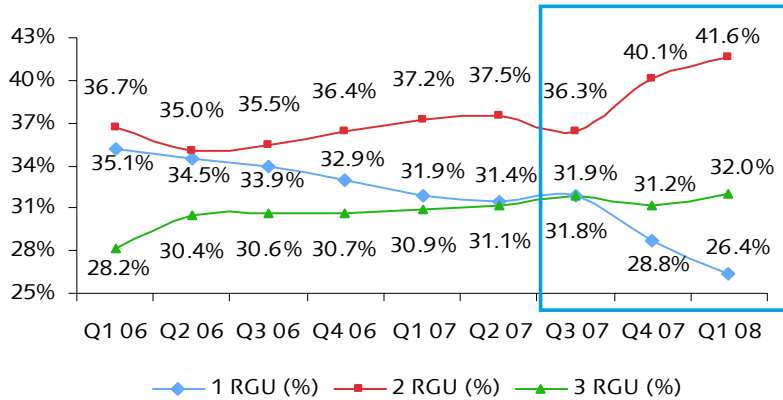
## Richard Alden – Operating performance

# Operating performance

	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	YoY
Homes released to marketing ('000)	6,436	6,551	6,670	6,793	6,850	6.4%
Residential cable customers ('000)	1,815	1,823	1,830	1,859	1,878	3.5%
Customer penetration (%)	28.2%	27.8%	27.4%	27.4%	27.4%	-0.8 pp
Revenue generating units ('000)	3,612	3,642	3,664	3,768	3,868	7.1%
Broadband	1,120	1,146	1,160	1,203	1,241	10.8%
Television	911	904	909	960	1,011	11.0%
Telephony	1,581	1,592	1,595	1,605	1,616	2.2%
RGUs per customer (#)	1.99	2.00	2.00	2.03	2.06	3.5%
Triple play (%)	30.9%	31.1%	31.8%	31.2%	32.0%	1.2 pp
Churn (%)	22.2%	20.4%	16.3%	19.9%	19.3%	-2.9 pp
ARPU (€)	51.4	52.4	52.6	52.2	52.0	1.2%

# Success of the bundling strategy

"Triple Play" customers (%)



- Launch of "Essential" products to drive market share
- High demand for double play
- New ONO products at lower prices
- Increased segmentation of market

**Essential** 28 €/mes

**Essential** 6Mb 40 €/mes

30 €/mes durante 2 meses  
34,09€ con IVA

**Essential** 6Mb 56,50 €/mes

30 €/mes durante 2 meses  
34,18€ con IVA



# Market positioning

## Product



Internet



Televisión



Teléfono

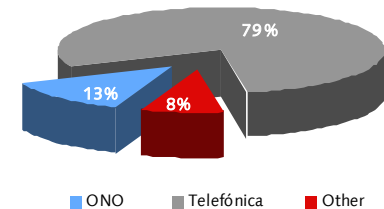
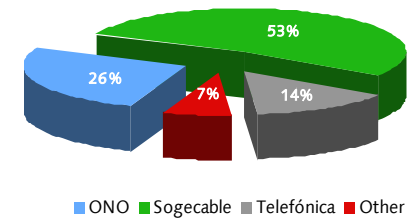
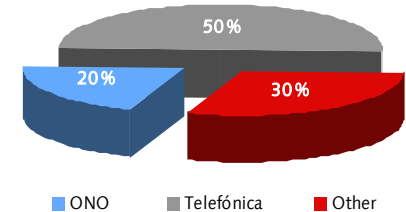
## Market positioning

- More than 1.2m subscribers
- 121,000 net adds Q1 08 V Q1 07
- 6, 12 and 25 Mbs
- Market share of 20%

- 1.0m subscribers
- 100,000 net adds Q1 08 V Q1 07
- Esencial, Extra and Total
- Market share of 26%

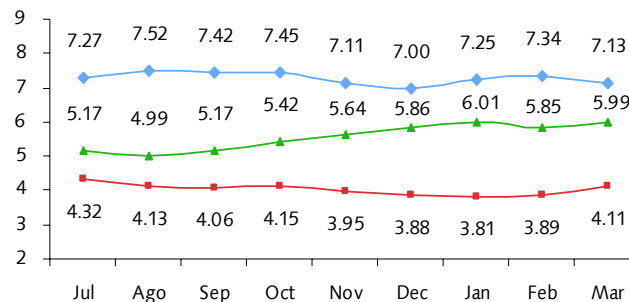
- More than 1.6m subscribers
- 35,000 net adds Q1 08 V Q1 07
- All included telephone offer
- Market share of 13%

## Q1 2008 residential market share






Source: companies reports and ONO estimates

## Pay TV Audiences (%)



Source: TNS Sofres

# Residential pricing – Telephony & Internet

Company	Price after promotion	Promotion key features
	€28.00	<ul style="list-style-type: none"><li>• Unlimited national fixed calls</li><li>• 2 Mb Internet speed</li></ul>
	€50.00	<ul style="list-style-type: none"><li>• Unlimited national fixed calls</li><li>• 6 Mb Internet speed</li></ul>
	€53.87	<ul style="list-style-type: none"><li>• Unlimited national fixed calls</li><li>• 3 Mb Internet speed</li></ul>
	€34.95	<ul style="list-style-type: none"><li>• Unlimited national fixed calls</li><li>• “Up to 20 Mb Internet speed” (*)</li></ul>

Source: companies websites (May 21, 2008)

(\*) Note: Subject to significant network restrictions

# Residential broadband

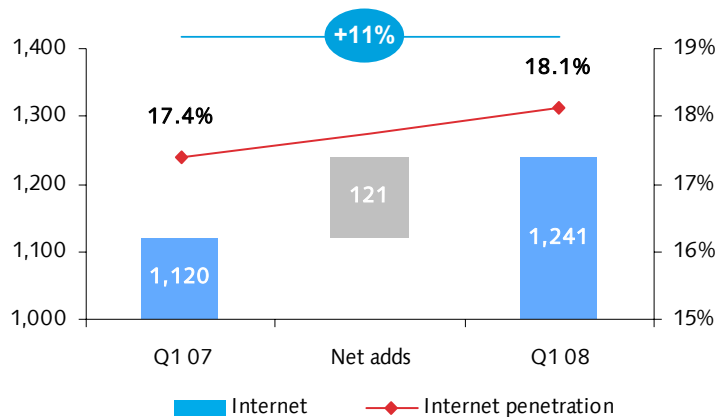


Internet

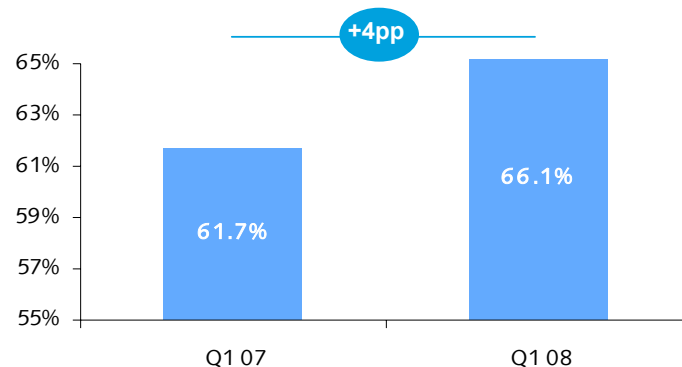
## ONO residential broadband

- 1.2 million customers
- 38,000 net adds in Q1 08
- DOCSIS 3.0 planned for Q4 introduction
- 18% penetration on homes, 66% penetration on customers

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



### % of customers taking BB Internet



# Television

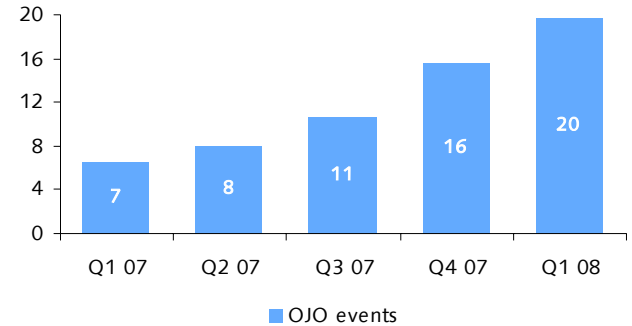


## Televi3n

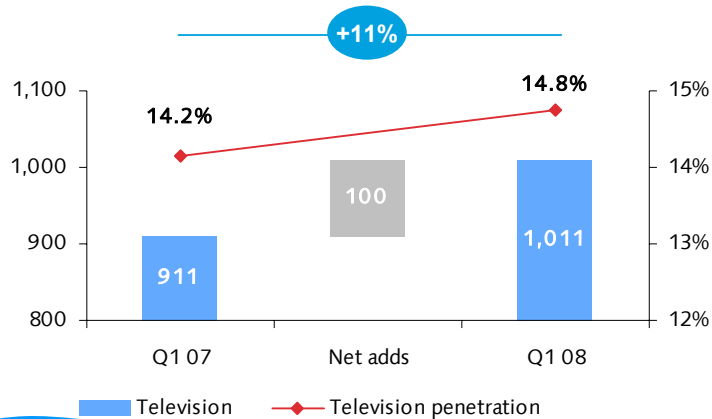
### ONO residential television

- 1.0 million customers
- 50,000 net adds in Q1 08
- 91% + digitalised
- Strong progress in VoD

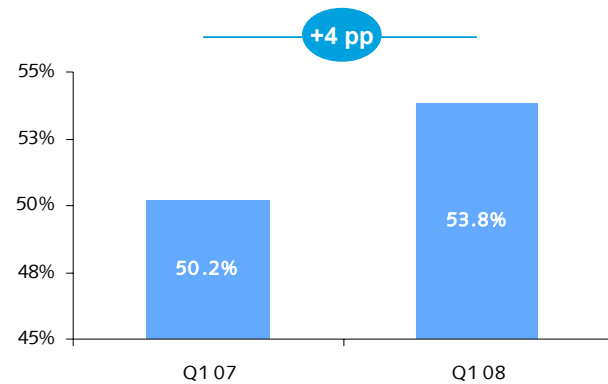
### VOD events (million)



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



### % of customers taking TV



# Residential telephony

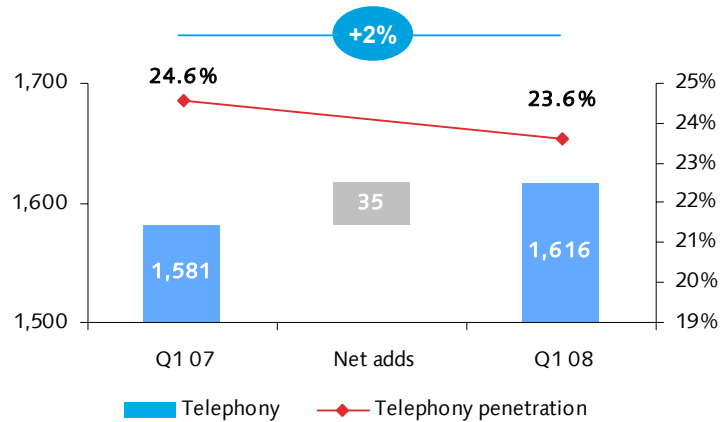


Teléfono

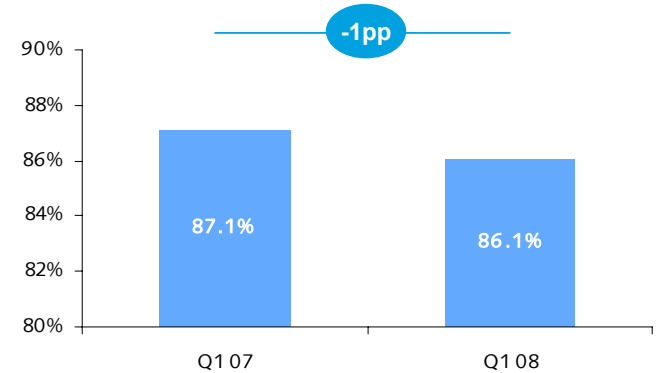
## ONO residential telephony

- 1.6 million customers
- 11,000 net adds in Q1 08
- Usage patterns remain strong
- Fierce competition

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

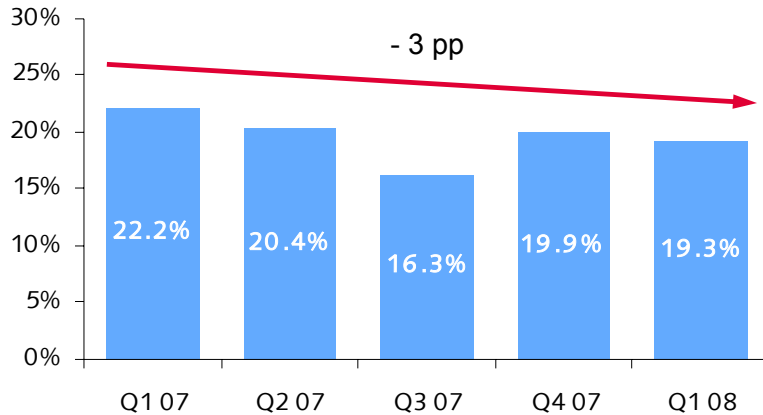


### % of customers taking telephony



# Churn

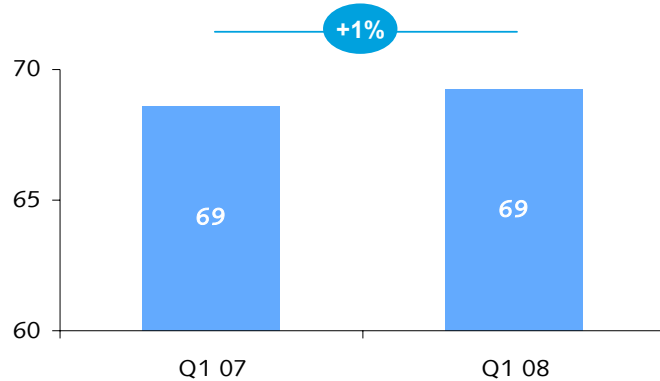
Churn evolution (%)



- Reasons for churn
  - Macroeconomic environment
  - Increased competition
  - ONO processes
- ONO plan
  - Segmented market
  - Loyalty programme
  - Proactive outbound calling
  - Improved internal processes
  - Increased bundling

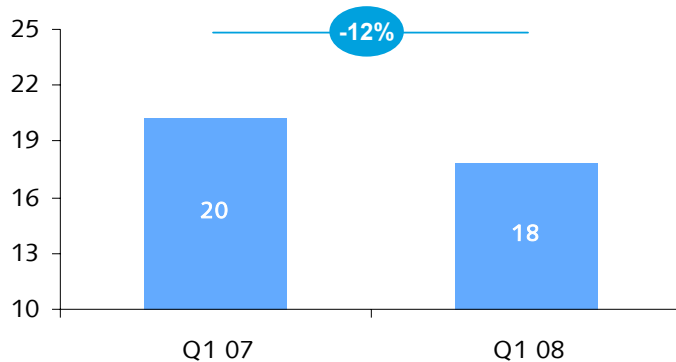
# SMEs

## SMEs customers ('000)



- Focus on direct access
- Strategic re-focus on good quality revenues
- New data and telephony offers consisting of:
  - ONO Comercios (12 Mb/600 K)
  - ONO Negocios (12 Mb/600 K)
  - ONO Oficinas (25 Mb/1 Mb)

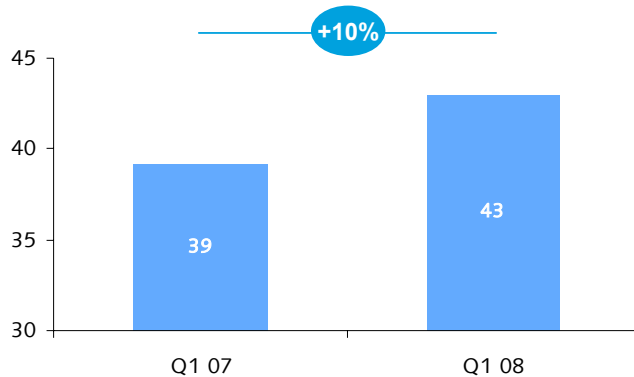
## SMEs revenues (€m)



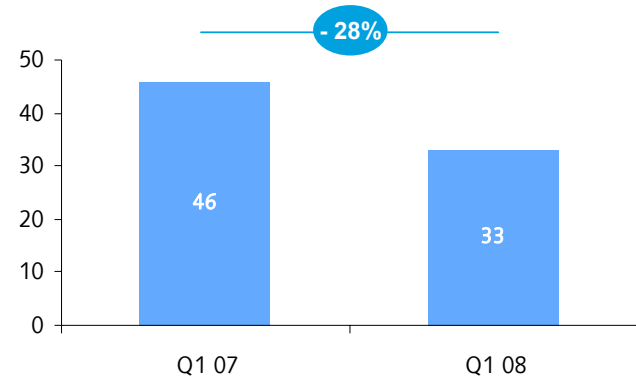
- ONO** Comercios
- ONO** Negocios
- ONO** Oficinas

# Business & Wholesale

Business revenues (€m)



Wholesale revenues (€m)



- Provision of communication solutions to corporate clients and wholesale services
- Strong focus on high quality revenue business with good gross margins
- With an ample product offer...
  - Voice (Intelligent Network, IP Centrex,...), Data (MPLS, VPLS,...), Internet and Managed Services (Hosting...)
  - 'ONO Capital'...to help clients finance their telecommunications needs
- Loss of circuit revenues from Orange in Wholesale division





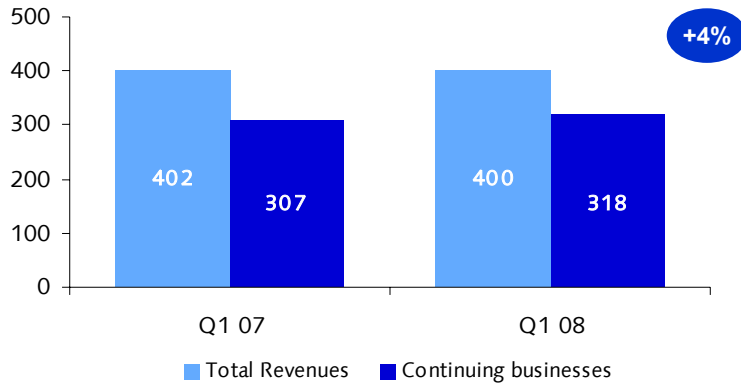
## Jonathan Cumming – Financial performance

# Financial performance

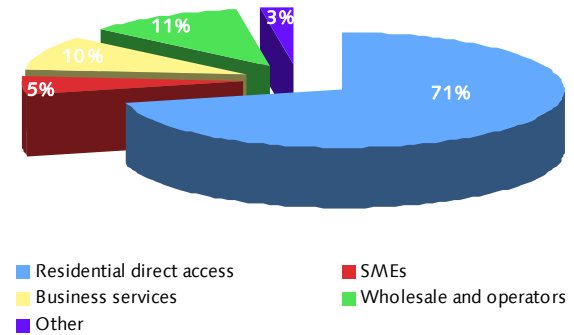
	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	YoY
Continuing businesses (€m)	307	313	316	316	318	3.6%
Residential direct access	287	295	297	298	300	4.7%
SMEs	20	18	18	18	18	-11.8%
Partial continuing businesses (€m)	88	91	85	80	85	-3.0%
Business services	39	44	43	45	43	9.6%
Wholesale and operators	46	43	38	33	33	-27.7%
Discontinuing businesses (€m)	10	9	8	6	6	-37.4%
Indirect access	10	9	8	6	6	-37.4%
Total revenues (€m)	402	410	405	400	400	-0.4%
Gross Profit (€m)	285	294	297	297	301	5.5%
Gross Margin (%)	70.9%	71.9%	73.4%	74.3%	75.1%	4.2 pp
Net Opex (€m)	137	134	125	135	137	0.0%
EBITDA (€m)	148	160	172	162	164	10.6%
EBITDA margin (%)	36.8%	39.1%	42.5%	40.4%	40.9%	4.1 pp
Capex (€m)	-119	-138	-126	-151	-98	-17.6%
Op. FCF (€m)	29	22	45	10	66	125.1%

# Diversified revenue streams

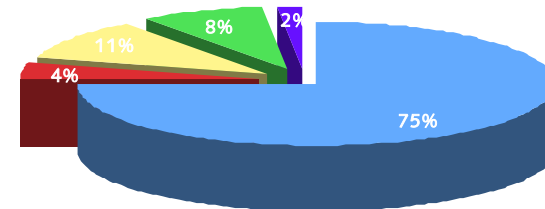
## Revenues and Continuing businesses revenues (€m)



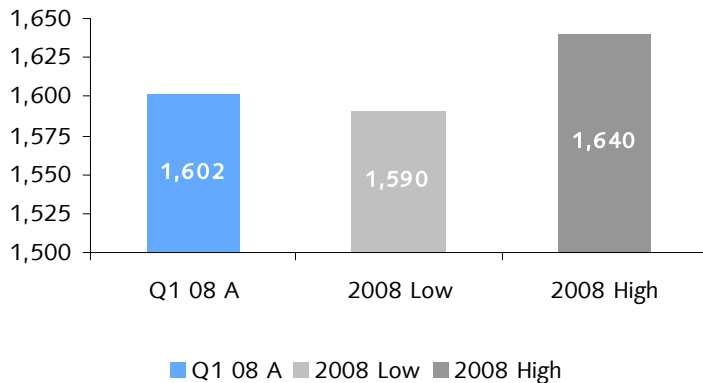
## Revenue breakdown Q1 2007 (%)



## Revenue breakdown Q1 2008 (%)



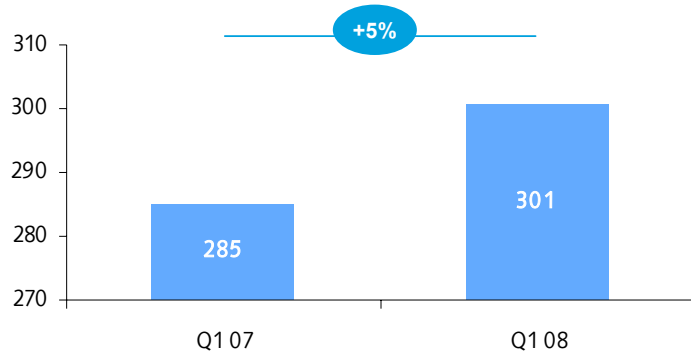
## Guidance fulfilment (€m)



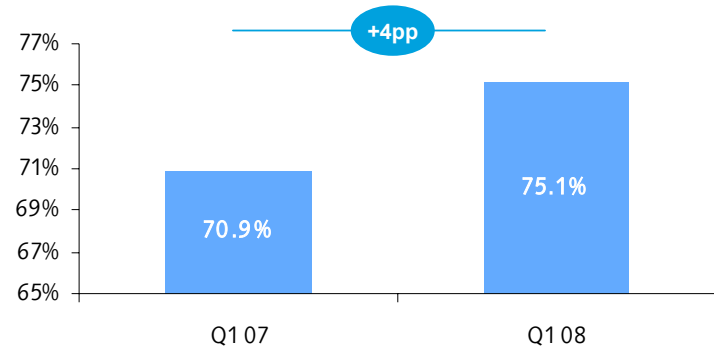
- Residential direct access revenues increased to 75% of total revenues
- Continuing businesses increased by €11m Q1 08 vs Q1 07 (4%)

# Good progress on margin

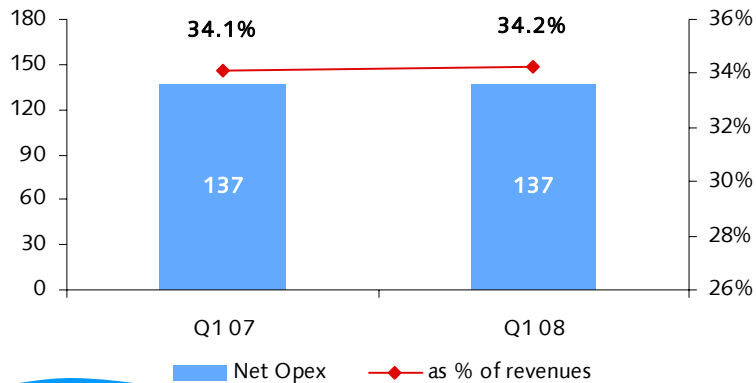
## Gross profit (€m)



## Gross margin (%)



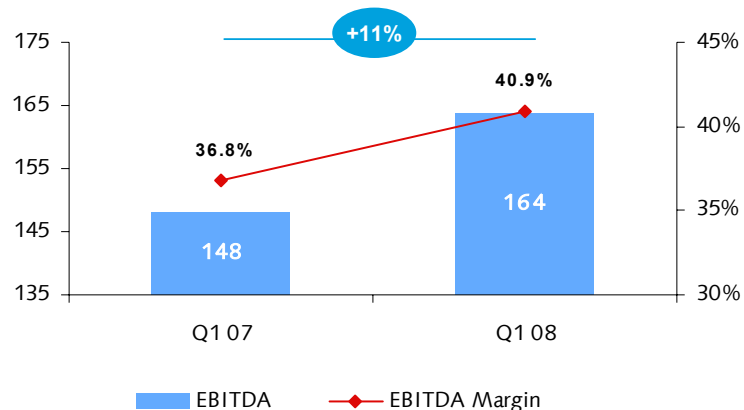
## Net Opex (€m) and net Opex as % of revenues (%)



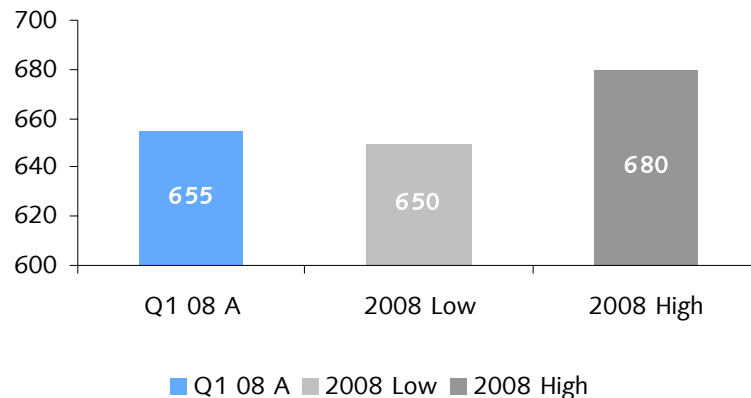
- Gross margin grew to 75.1% in Q1 2008 due to:
  - solid performance of businesses with higher quality revenues performance
  - improvement in overall revenue mix
  - direct costs savings

# Sound EBITDA performance

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



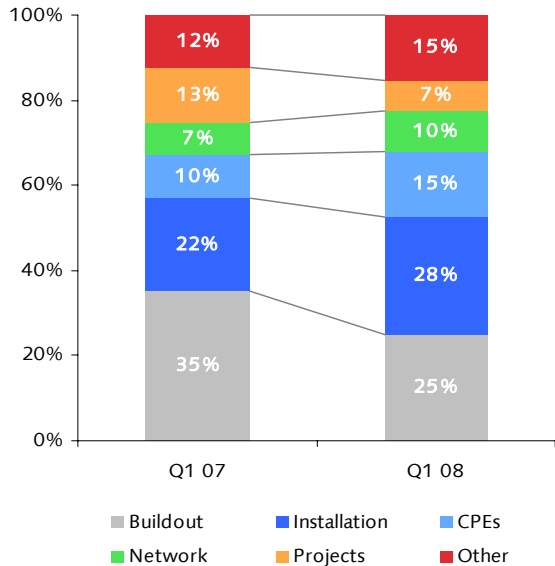
## Guidance fulfilment (€m)



- EBITDA growth of 11% in Q1 08 vs Q1 07
- EBITDA margin up to 40.9% in Q1 08
- EBITDA growth mainly due to the change in revenue mix

# Capex

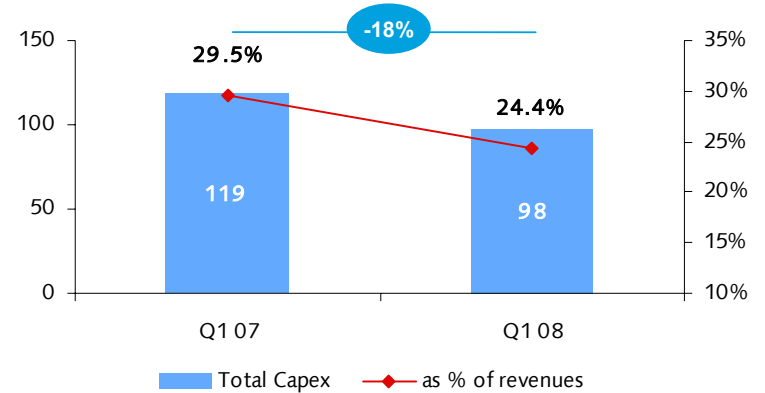
### Capex breakdown (%)



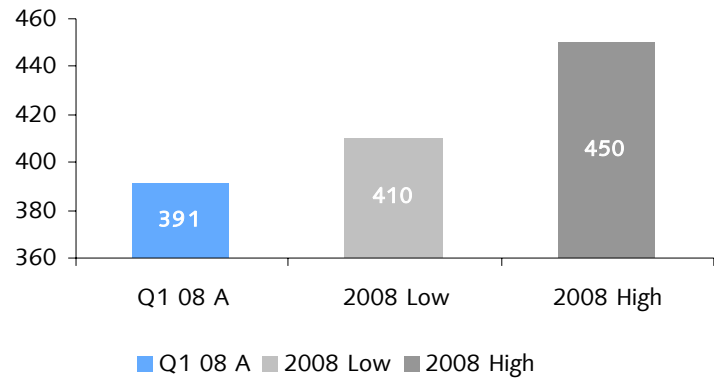
Note: "Other" includes, capitalized costs, IT costs and other costs

- €21m less Capex in Q1 08 due to lower deployment
- CPEs and installation share increasing as consequence of success of TV Esencial offering

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

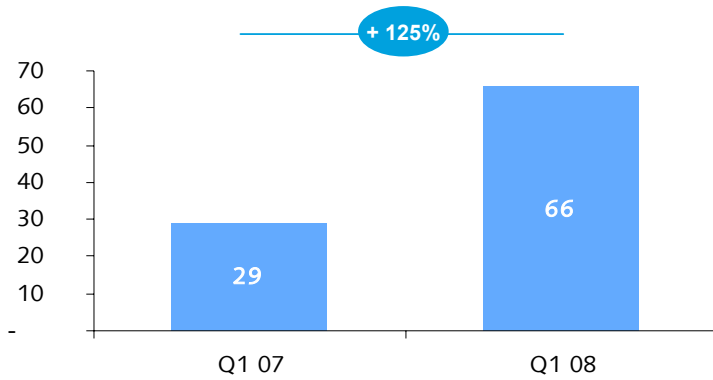


### Guidance fulfilment

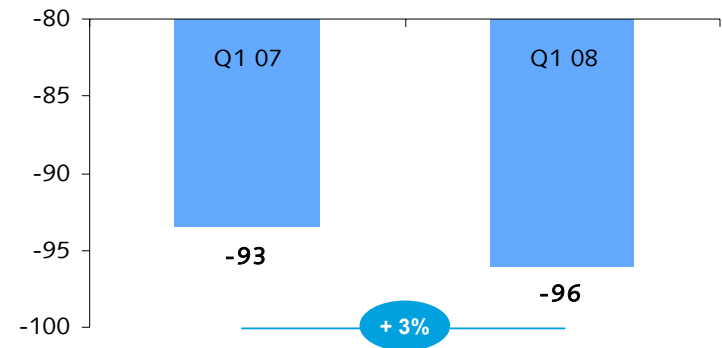


# Operating Free Cash Flow

Quarterly Op. FCF (€m)



Quarterly FCF (€m)



- Highest Op. FCF in ONO'S history
- FCF decreased due to interest paid in Q1 08

# Current financial structure

Type of debt	Max available (€m)	Drawn @ 31/03/08 (€m)	Liquidity	Average Interest rate	Leverage (GCO) (1)
<b>Senior facility</b>	<b>3,500</b>	<b>3,082</b>	<b>418</b>	<b>6.18%</b>	
Tranche A, B, C & I	2,800	2,382	418	6.03%	
Tranche D	700	700	-	6.67%	
<b>State subsidies and other</b>	<b>65</b>	<b>65</b>	<b>-</b>	<b>1.75%</b>	
<b>Other credit facilities</b>	<b>253</b>	<b>208</b>	<b>45</b>	<b>5.43%</b>	
<b>Senior Subordinated Notes:</b>	<b>450</b>	<b>450</b>	<b>-</b>	<b>9.00%</b>	
10.5% Fixed Rate Notes 2014	180	180	-	10.50%	
8% Fixed Rate Notes 2014	270	270	-	8.00%	
<b>Senior Subordinated Facilities:</b>	<b>10</b>	<b>10</b>	<b>-</b>	<b>7.30%</b>	
Participative Loan	10	10	-	7.30%	
<b>Total</b>	<b>4,278</b>	<b>3,815</b>	<b>463</b>	<b>6.88%</b>	
<b>Total (Hedging included)</b>				<b>6.49%</b>	
<b>EBITDA LQA Q1 2008</b>		<b>655</b>			
<b>Total Net debt / EBITDA LQA</b>		<b>3,813</b>			<b>5.82x</b>

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

(1) Including short term credit lines, mortgages and leasing

## Corporate, Bond and Bank debt ratings

	Corporate	Bond debt	Bank debt	Outlook	Last Report Date
Moody's	B1	B3	NR	Stable	22/06/2007
Fitch	B+	B-	BB	Stable	19/06/2007
Standard & Poor's	B	CCC+	NR	Positive	21/02/2008

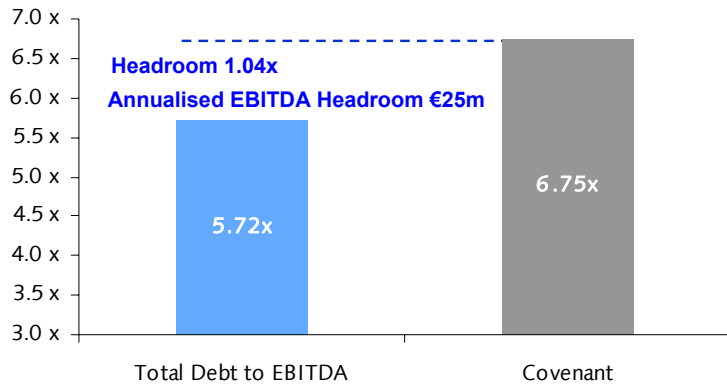
## Short Term Credit Lines

<i>Data in €m</i>	2007	2008	
	31/12	31/03	22/05
Maximum available	178	-	-
Drawn	165	-	175
Maturity	-	125	-
Renewed / New	-	122	-
Maximum available	-	-	180

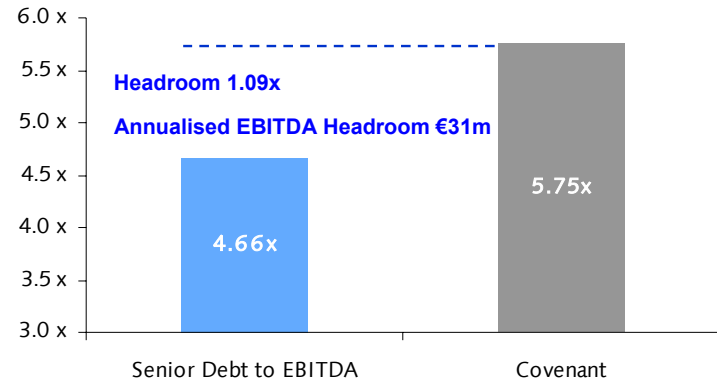
- Short term credit lines include 364 days bilateral agreements
- Of the €178m available at 31 December 2007, €125m matured within the first quarter of 2008
- As of 31 March 2008, €122m of these facilities have been renewed already
- As of 22 May 2008, €180m available of which €175m were drawn
- ONO's policy continues to be rolling over these facilities as they mature

# Q1 2008 Covenants compliance (Cableuropa)

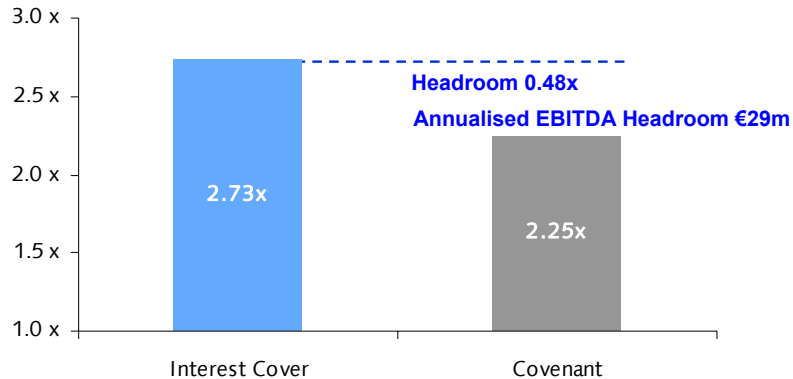
## Total debt to EBITDA (x)



## Senior debt to EBITDA (x)



## Interest cover (x)





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