



# **ONO** *Q1 2007 results*

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

**Investor Relations**

**29 May 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, 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.***



***Richard Alden***

# Our residential cable operating performance...

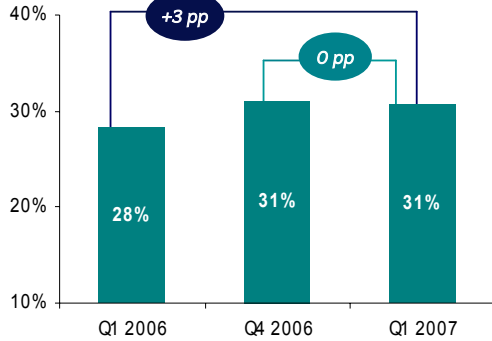


	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07	QoQ	YoY
<b>Homes Released to marketing ('000)</b>	<b>5,756</b>	<b>5,886</b>	<b>5,998</b>	<b>6,119</b>	<b>6,220</b>	<b>1.7%</b>	<b>8.1%</b>
<b>Residential cable customers ('000)</b>	<b>1,684</b>	<b>1,721</b>	<b>1,751</b>	<b>1,802</b>	<b>1,847</b>	<b>2.5%</b>	<b>9.6%</b>
Customer penetration (%)	29.3%	29.2%	29.2%	29.4%	29.7%	0.2 pp	0.4 pp
Cable customer net adds ('000)	22	36	30	51	45	(11.8%)	103.9%
<b>Revenue Generating Units ('000)</b>	<b>3,218</b>	<b>3,335</b>	<b>3,425</b>	<b>3,554</b>	<b>3,662</b>	<b>3.0%</b>	<b>13.8%</b>
Telephony	1,461	1,497	1,525	1,568	1,599	2.0%	9.5%
Broadband	888	937	986	1,062	1,138	7.2%	28.2%
Television	869	901	914	924	925	0.1%	6.4%
<b>RGUs per customer (#)</b>	<b>1.91</b>	<b>1.94</b>	<b>1.96</b>	<b>1.97</b>	<b>1.98</b>	<b>0.5%</b>	<b>3.8%</b>
<b>Triple play (%)</b>	<b>28%</b>	<b>30%</b>	<b>31%</b>	<b>31%</b>	<b>31%</b>	<b>(0.4 pp)</b>	<b>2.5 pp</b>
<b>Churn (%)</b>	<b>18.1%</b>	<b>15.6%</b>	<b>16.2%</b>	<b>17.3%</b>	<b>17.2%</b>	<b>(0.1 pp)</b>	<b>(0.9 pp)</b>
<b>ARPU (€)</b>	<b>52.7</b>	<b>52.0</b>	<b>50.7</b>	<b>51.4</b>	<b>50.8</b>	<b>(1.2%)</b>	<b>(3.6%)</b>

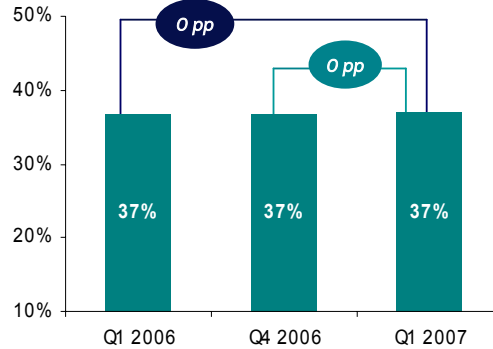
# ...is supported by the triple play strategy...



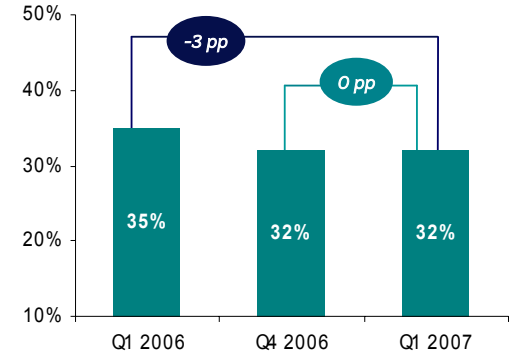
### 3 play customers (%)



### 2 play customers (%)



### 1 play customers (%)



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

National free calls  
 +  
 €45  
 4 Mbps  
 -----  
 National free calls  
 +  
 €38  
 High quality content

National free calls €21  
 -----  
 High quality content €25  
 -----  
 4 Mbps €35

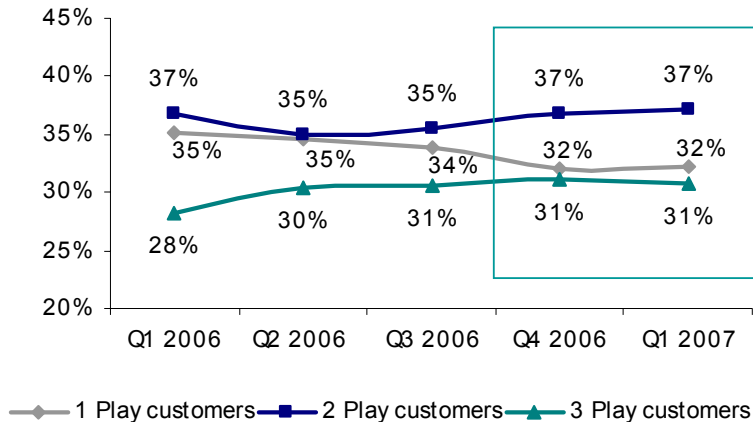
Annual Growth  
 Quarterly growth

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

# ...and a proven track record...



Triple play customers (%)



**Disfruta los 3 y paga solo 2**  
**¡durante 3 meses y sin compromiso!**

## Drivers of growth:

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

## Official Service Rating 2006





<i>Fixed Telephony</i>	
<i>Operator</i>	<i>Complaints / 10.000 Customers</i>
<b>JAZZTEL</b>	<b>12.62</b>
<b>WANADOO</b>	<b>10.70</b>
<b>TELE2-COMUNITEL</b>	<b>3.77</b>
<b>YA.COM</b>	<b>2.47</b>
<b>TELEFÓNICA DE ESPAÑA</b>	<b>2.25</b>
<b>ONO</b>	<b>1.79</b>

<i>Broadband Access</i>	
<i>Operator</i>	<i>Complaints / 10.000 Customers</i>
<b>JAZZTEL</b>	<b>49.28</b>
<b>WANADOO</b>	<b>24.57</b>
<b>YA.COM</b>	<b>20.53</b>
<b>TELE2-COMUNITEL</b>	<b>10.47</b>
<b>TELEFÓNICA DE ESPAÑA</b>	<b>1.69</b>
<b>ONO</b>	<b>1.07</b>

Source: Secretaría de Estado de Telecomunicaciones y Sociedad de la Información; Annual Report 2006

# Residential pricing - Triple play



Company	Promotional price	After-promo price(1)	Promotion key features
	<b>€31</b> <b>For the first 3 months</b> <b>Offer ends March 30</b>	<b>€61.49</b>	<ul style="list-style-type: none"> <li>■ Unlimited national fixed calls . Promo price <u>includes line rental</u></li> <li>■ &gt;100 channels &amp; VoD</li> <li>■ 4 Mb broadband. Free cable modem</li> </ul>
	<b>€17.46<sup>(2)</sup></b> <b>For the first 3 months</b> <b>Offer ends April 5</b>	<b>€73.1</b>	<ul style="list-style-type: none"> <li>■ Unlimited national fixed calls. Line rental <u>not included</u> in promo price (€13.7/month). Includes 60 min/month free F-M</li> <li>■ 60 channels &amp; VoD. STB rental <u>not included</u> in promo price (€6,5/month)</li> <li>■ 3 Mb broadband. Free Wi-Fi router for online purchases</li> </ul>
	<b>€31.55</b> <b>Until June 20</b> <b>Offer ends April 9</b>	<b>€60.45</b>	<ul style="list-style-type: none"> <li>■ Unlimited national fixed calls. Line rental <u>not included</u> in promo price (€12.95/month)</li> <li>■ &gt;30 channels &amp; VoD/ STB rental <u>not included</u> in promo price (€6/month)</li> <li>■ Up to 20 Mb broadband. Free Wi-Fi router for online purchases</li> </ul>
	<b>€10</b> <b>For the first 3 months</b> <b>Offer ends April 22</b>	<b>€50.7 (1 Mb)</b> <b>€62.7 (2 Mb)</b>	<ul style="list-style-type: none"> <li>■ Unlimited national fixed calls. Free calls to 5 Orange mobile numbers (1000 min./month). Telefónica line rental (required) <u>not included</u> in promo price (€13.7/month)</li> <li>■ 50 channels &amp; VoD. STB rental included in promo price (€6)</li> <li>■ 1- 2 Mb broadband</li> </ul>

(1) Includes STB rental + line rental

(2) Currently advertised on TV and newspapers for €19.90 (VAT included)

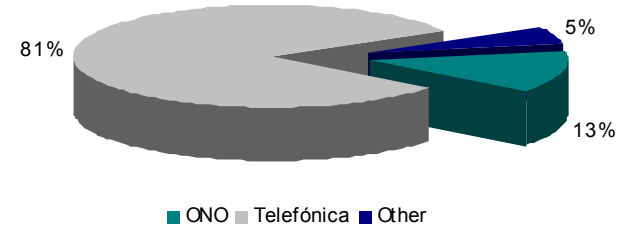
Source: Corporate websites March 07



## ONO residential telephony

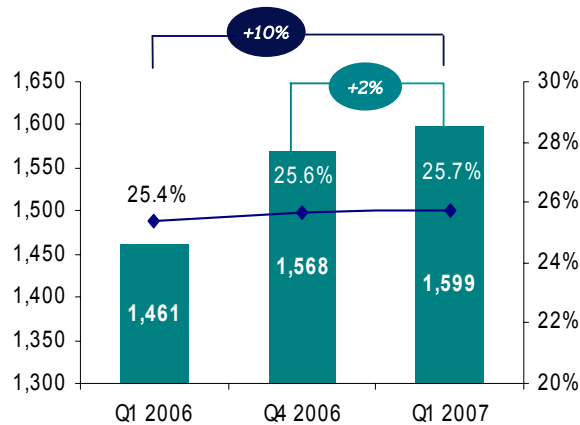
- Almost 1.6 million customers
- 31,000 net adds in Q1 2007
- €21 all-in product proving popular
- Free information service 11828
- Approx. 13% market share

## Q1 2007 market share



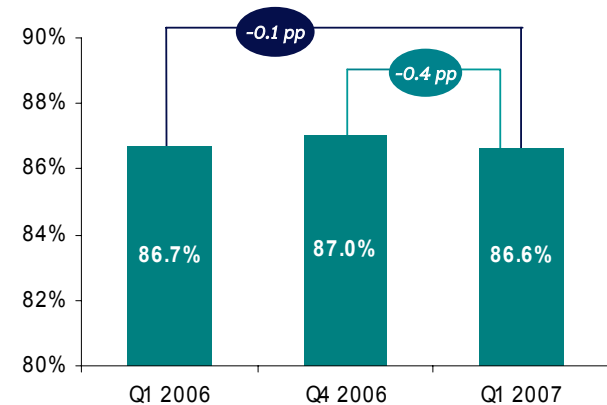
Source: company reports, CMT and ONO estimates  
(All figures approximate)

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



● Annual Growth  
● Quarterly growth

## % of customers taking telephony

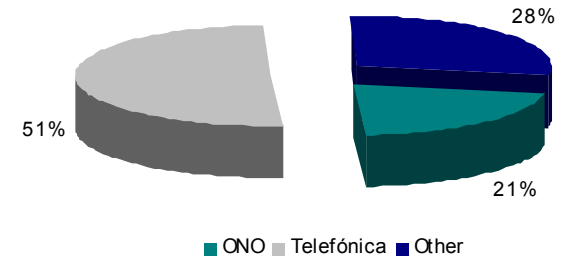


## ONO residential broadband



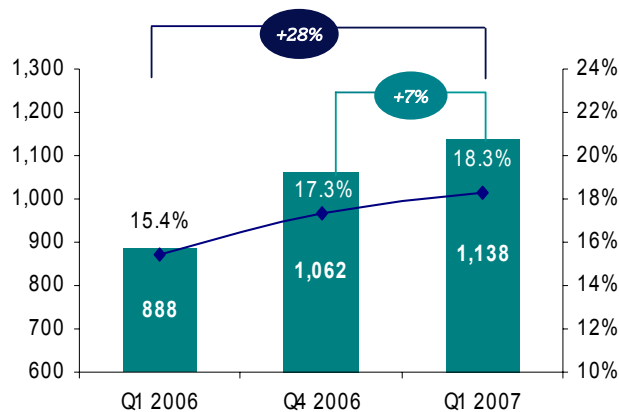
- More than 1.1 million customers
- 76,000 net adds in Q1 2007
- Market leading standard product of 4MB
- Voted best quality internet service
- Approx. 21% market share

## Q1 2007 market share



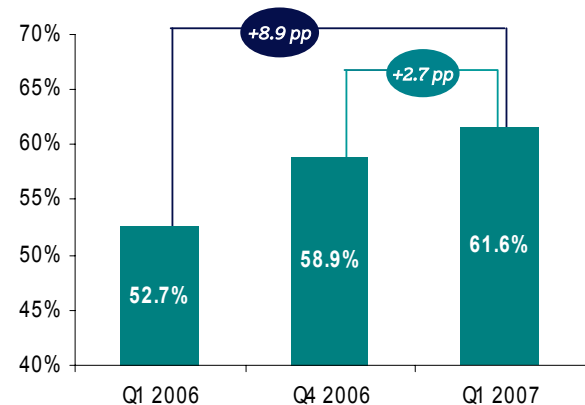
Source: company reports, CMT and ONO estimates  
(All figures approximate)

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



● Annual Growth  
● Quarterly growth

## % of customers taking BB Internet

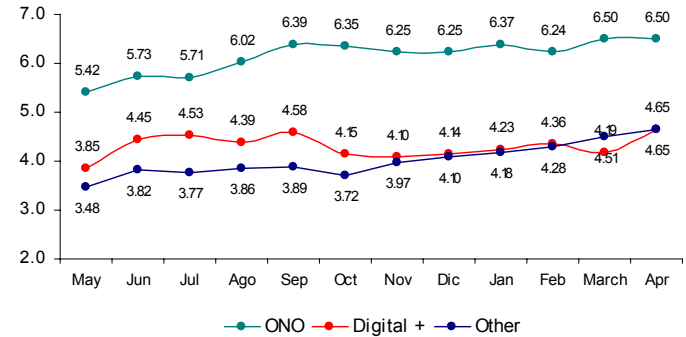




## ONO residential television

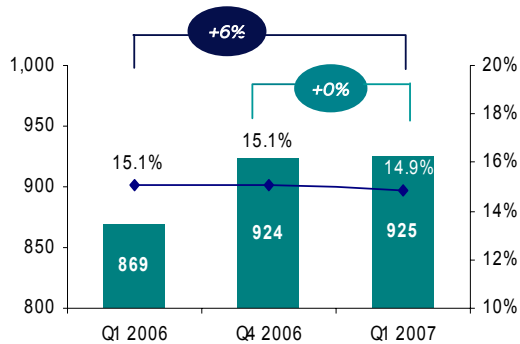
- Close to 1.0 million customers
- VoD available in Madrid and Barcelona
- 89% + digitalised (97% old ONO)
- Approx. 25% market share
- ONO taking 6.50% of all TV audiences

## 2006 Audiences (%)

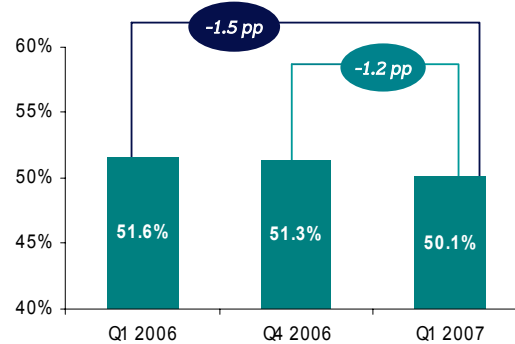


Source: TNS Sofres

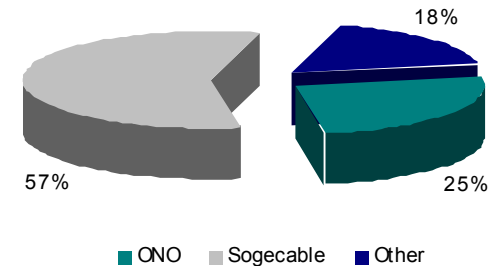
## Television customers ('000) & penetration (%)



## % of customers taking TV



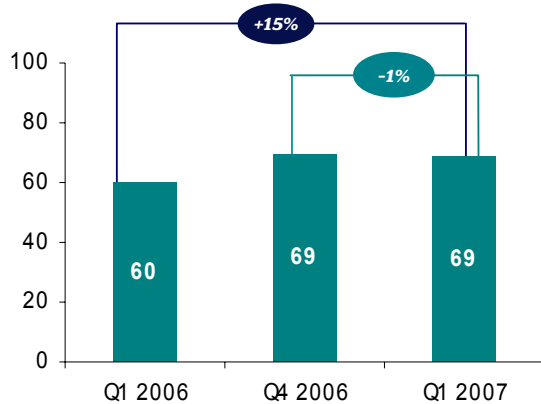
## Q1 2007 market share



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

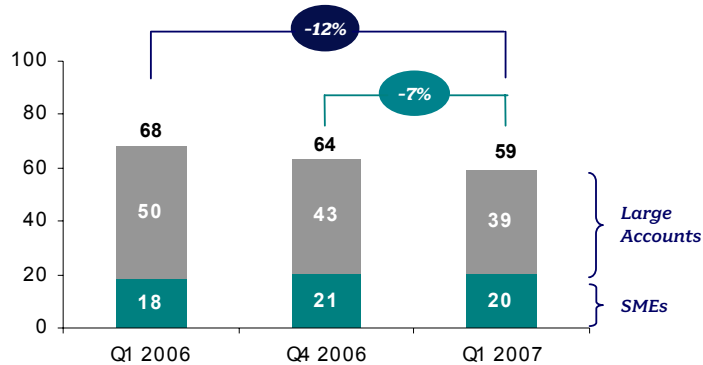
Annual Growth  
 Quarterly growth

**SME customers ('000)**

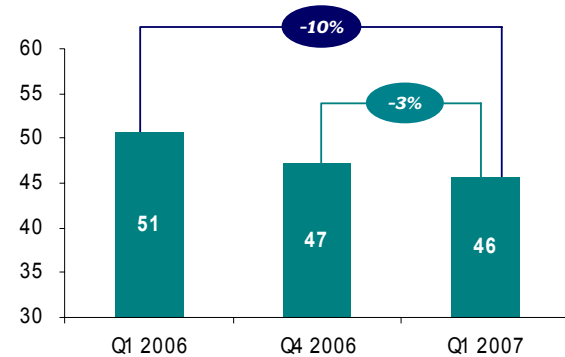


- Focus on direct access
- Serving the needs of:
  - medium sized enterprises / SMEs
  - public sector
  - wholesale market
- Stabilising following strategic re-focus on good quality revenues

**Business revenues (€m)**



**Wholesale revenues (€m)**



Annual growth  
 Quarterly growth



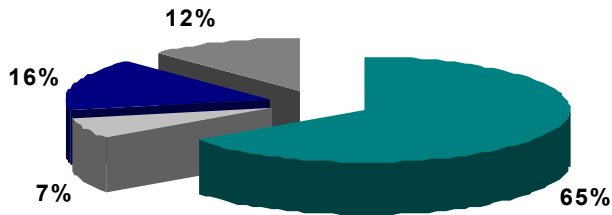
***Jonathan Cumming***

# Financial performance



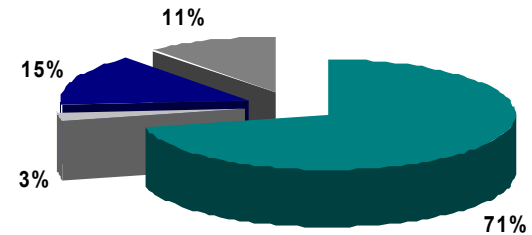
	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07	QoQ	YoY
<b>Revenues (€m)</b>	<b>420</b>	<b>407</b>	<b>403</b>	<b>404</b>	<b>402</b>	<b>(0.5%)</b>	<b>(4.2%)</b>
Residential direct	273	273	271	283	287	1.2%	4.9%
Indirect access	28	22	14	10	10	(1.0%)	(63.1%)
Business	68	66	68	64	59	(6.5%)	(12.4%)
Wholesale & Operators	51	46	49	47	46	(3.0%)	(9.9%)
Gross Profit (€m)	281	277	276	282	285	1.0%	1.3%
Gross Margin (%)	67.0%	68.1%	68.5%	69.8%	70.9%	1.0 pp	3.9 pp
Net Opex (€m)	(150)	(140)	(136)	(132)	(137)	4.2%	(8.7%)
<b>EBITDA (€m)</b>	<b>131</b>	<b>137</b>	<b>139</b>	<b>151</b>	<b>148</b>	<b>(1.9%)</b>	<b>12.8%</b>
<b>EBITDA margin (%)</b>	<b>31.3%</b>	<b>33.6%</b>	<b>34.6%</b>	<b>37.3%</b>	<b>36.8%</b>	<b>(0.5 pp)</b>	<b>5.5 pp</b>
Capex (€m)	(121)	(115)	(133)	(221)	(119)	(46.3%)	(2.1%)
Op. FCF (€m)	10	22	6	(70)	29	(141.7%)	193.5%

Revenue breakdown Q1 2006



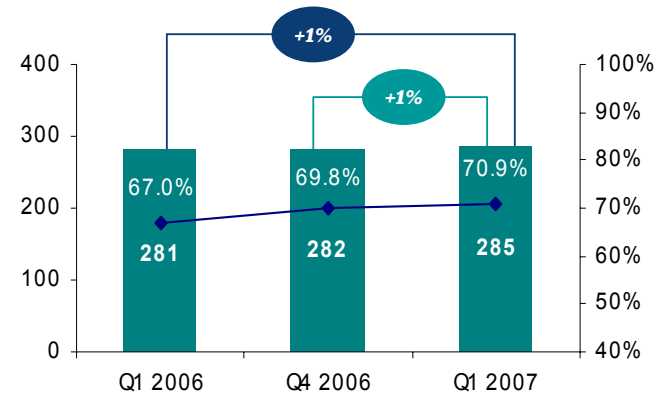
■ Residential direct access    ■ Indirect access  
■ Business & SMEs            ■ Wholesale & Operators

Revenue breakdown Q1 2007



■ Residential direct access    ■ Indirect access  
■ Business & SMEs            ■ Wholesale & Operators

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



- Higher leverage on the Direct access residential segment
- Margins improving reflecting cost control and focusing on higher margin segments and services
- Lower weight of Indirect access with lower contribution

# Opex control but supporting business growth



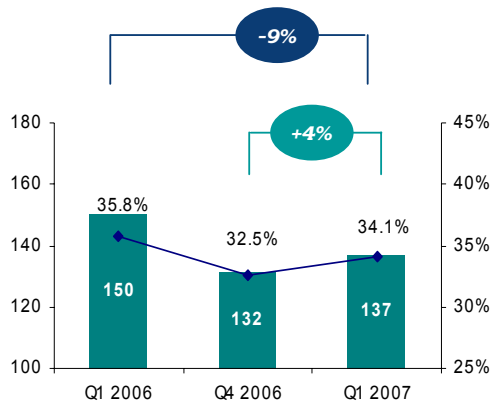
## Opex efforts to support following quarters EBITDA growth

- Customer Service improvement effort
- Launch of our new on-line sale platform
- The opening of new ONO shops
- Launch of new nationwide advertising campaigns
- The migration of Madrid and Barcelona billing systems

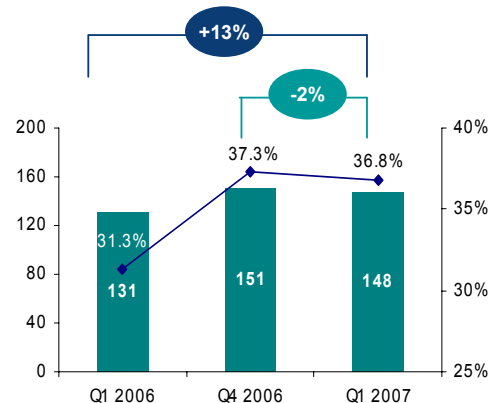


## ...implies slight opex increases that affect Q1 2007 EBITDA

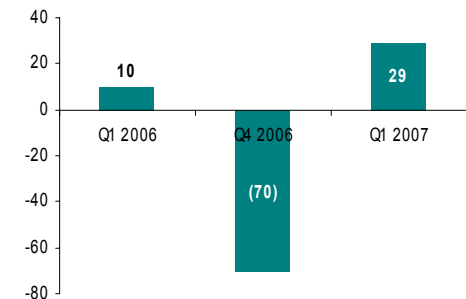
Net opex (€m) and % over revenues



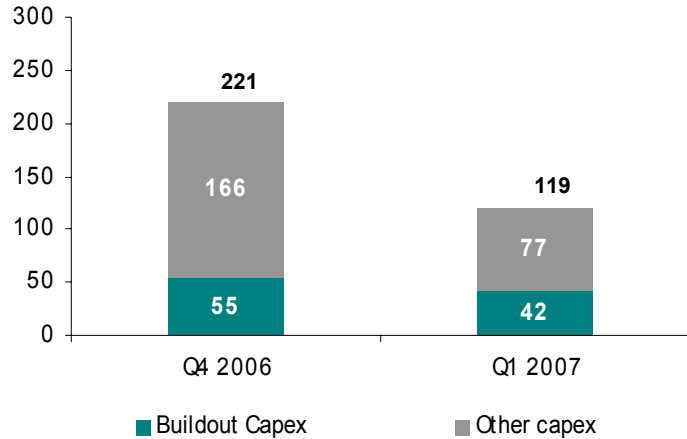
EBITDA (€m) & EBITDA margin (%)



Op. Free Cash Flow (€m)



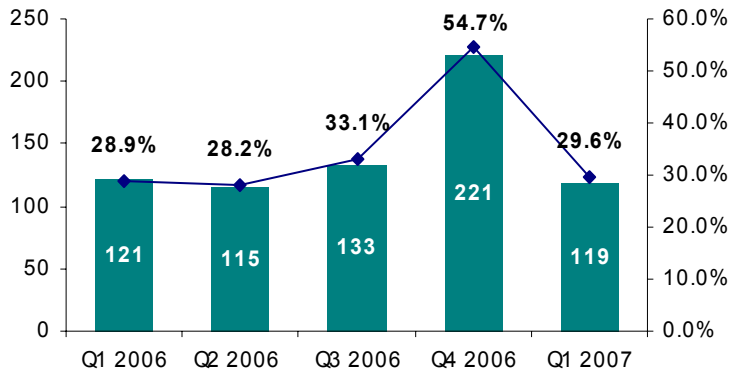
**Capex split (€m) (\*)**



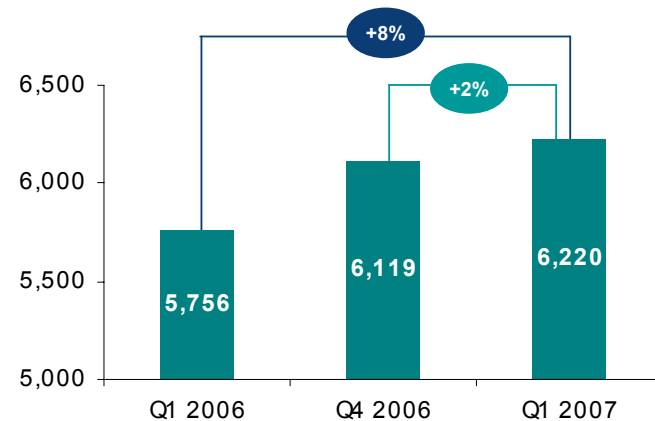
(\*) all numbers approximate

- Seasonal reduction in capex
- Guidance for 2007: €540m - €570m

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



**HRTM ('000)**





# ***Financing and Re-financing***

# Current financial structure



Type of debt	Max available (€m)	Drawn @ 31/03/07 (€m)	Liquidity	Average life Q1 07	Maturity	Average Interest rate
<b>Senior facility (*)</b>	<b>3,000</b>	<b>2,450</b>	<b>550</b>	<b>4.4</b>	<b>2007-13</b>	<b>6.03%</b>
<b>State subsidies and other</b>	<b>76</b>	<b>76</b>	<b>-</b>	<b>2.3</b>	<b>2012</b>	<b>2.00%</b>
<b>Other credit facilities (**)</b>	<b>257</b>	<b>205</b>	<b>52</b>	<b>n.a.</b>	<b>n.a.</b>	<b>4.49%</b>
<b>Senior Subordinated Notes:</b>	<b>550</b>	<b>550</b>	<b>-</b>	<b>7.00</b>	<b>2,014</b>	<b>9.58%</b>
Floating Rate Notes 2014	100	100	-	7.0	2014	12.21%
10.5% Fixed Rate Notes 2014	180	180	-	7.0	2014	10.50%
8% Fixed Rate Notes 2014	270	270	-	7.0	2014	8.00%
<b>Senior Subordinated Facilities:</b>	<b>130</b>	<b>130</b>	<b>-</b>	<b>7.0</b>	<b>2014</b>	<b>10.32%</b>
Subordinated facility	110	110	-	7.0	2014	10.33%
Participative Loan	20	20	-	7.0	2014	10.27%
<b>Total</b>	<b>4,013</b>	<b>3,411</b>	<b>602</b>	<b>4.9</b>		<b>6.58%</b>
<b>EBITDA LQA Q1 07</b>		<b>592</b>				

	Drawn @ 30/03/07 (€m)	%	Leverage (***)
Senior debt Q1 07	2,731	80.1%	4.61x
Subordinated debt Q1 07	680	19.9%	1.15x
<b>Total</b>	<b>3,411</b>	<b>100.0%</b>	<b>5.76x</b>
Cash and cash equivalents	9		
<b>Total Net Debt</b>	<b>3,402</b>		<b>5.75x</b>

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

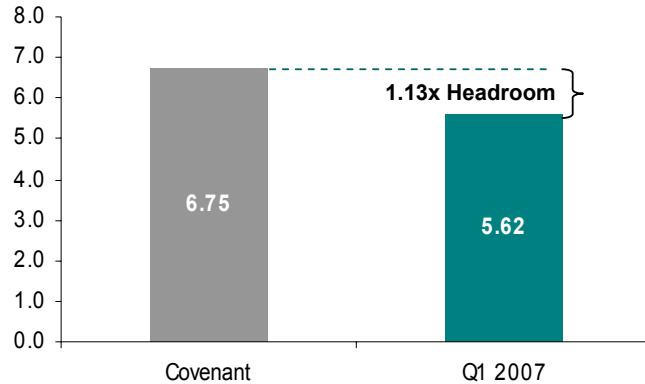
(\*\*) Inclusive of short term credit lines, mortgages, leasing and long term billateral bank debt agreements

(\*\*\*) EBITDA LQA Q1 2007 = €592m

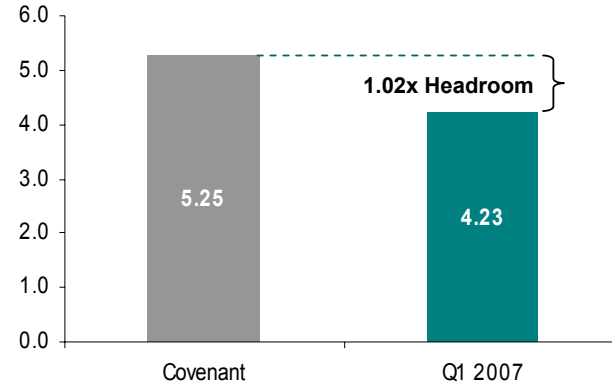
# Covenants (Cableuropa)



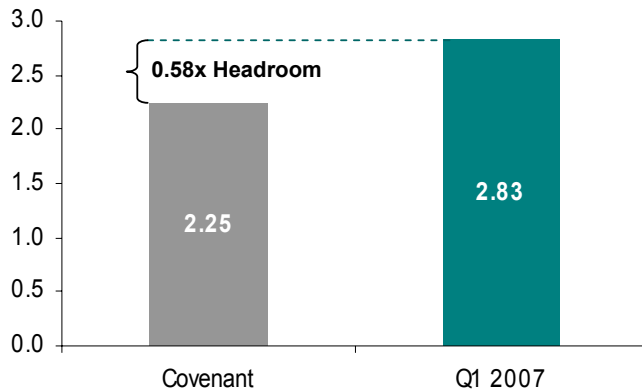
**Total Debt to EBITDA (x)**



**Senior Debt to EBITDA (€m)**



**Interest Cover (x)**



- Wide headroom under financial covenants
- Subject to review under new financing

- Amendments and €500m upsize of our €3,100m senior facilities
- Self-arranged transaction structured in three steps
  - Mandate letter signed in May
    - 5 Bookrunners
    - 2 Mandated Lead Institutions
    - 8 Mandated Lead Arrangers



all have already approved the amendments to the facilities and that underwrite the deal.

- Amendment and waiver request to the rest of the syndicate. Launched on 24 May and expected to finish in 2-3 weeks with signing of the Amended Facilities.
- General syndication to be launched (at the election of the Arrangers and the Company) subsequently.
- Amendments pursuing different targets to improve our capital structure:
  - Replace junior debt with cheaper senior debt
  - Reduce senior debt margins to provide for further interest savings
  - Delay senior debt amortization schedules and improve average life of overall debt
  - Enlarge existing covenant headroom in our senior facilities
  - Upsize the senior facilities by €500m to €3,600m to provide for:
    - Junior debt refinancing
    - New projects funding (including personal communications)
    - Additional liquidity headroom

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