

The image features a tall telecommunications tower on the left side, with several circular Entel logos placed around it. A large blue banner with a white cloud pattern and a faint map of South America on the right side serves as the background for the title text.

ENTEL Results Fourth Quarter 2003

**Available at
www.entel.cl
“Investors” Section**



Main Events

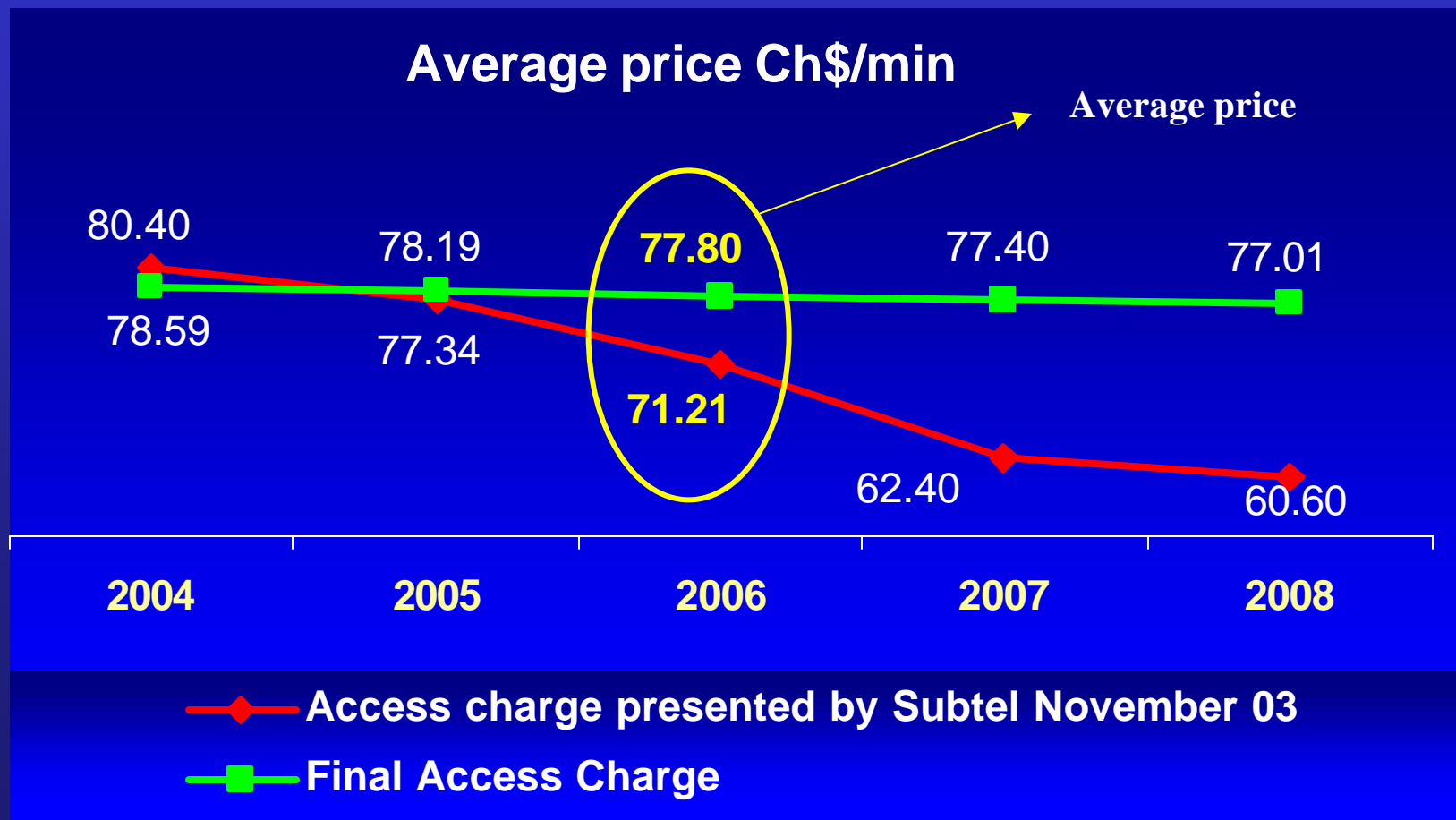
Fourth Quarter 2003:

- Internal restructuring of mature businesses, resulting in 300 layoffs, expecting annual saving of Ch\$ 3,000 million.
- Subtel gives to Nextel authorization to enter in mobile market.
- Bond prepayment for approximately US\$ 40 million in January 2nd.



Chilean Mobile Tariff Setting Process

- Subtel published the new tariffs for Mobile companies, effective 23 January.





Activity by Business Sector



ENTEL
INTERNET

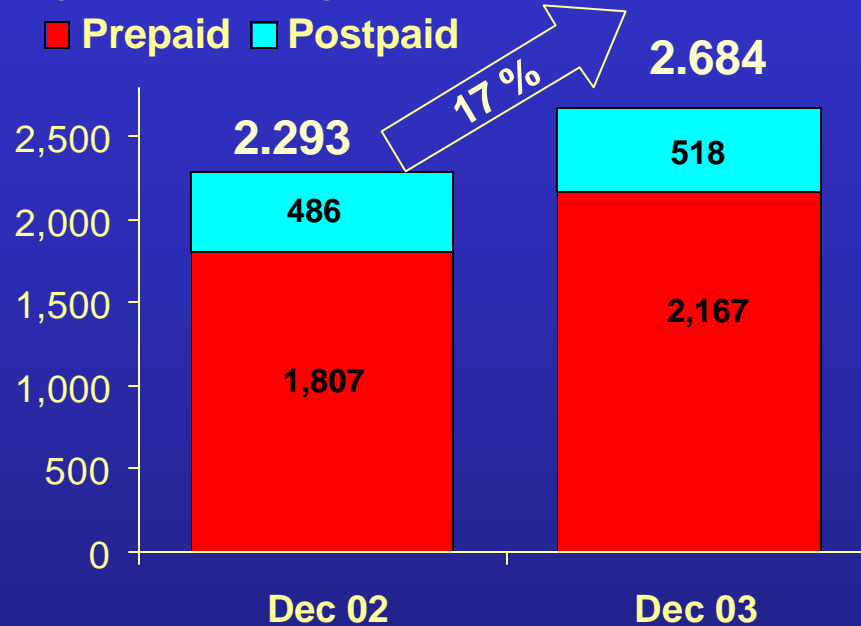
❖ **Enlace Internacional**
via fibra óptica, de más de
200 Mbps

BANDA ANCHA
ADSL **ENTEL**



Mobile Telephony

Entel's Mobile Subscribers
(In Thousands)



→ Leader with 40% market share.

→ Leading market share in both prepaid and postpaid segments.

→ Penetration 43% of the population.

→ Introduction of prepaid GPRS and summer “*Carguita Feliz*” (“Happy Charge”), to promote the use of SMS (Short Messaging) among prepaid customers.

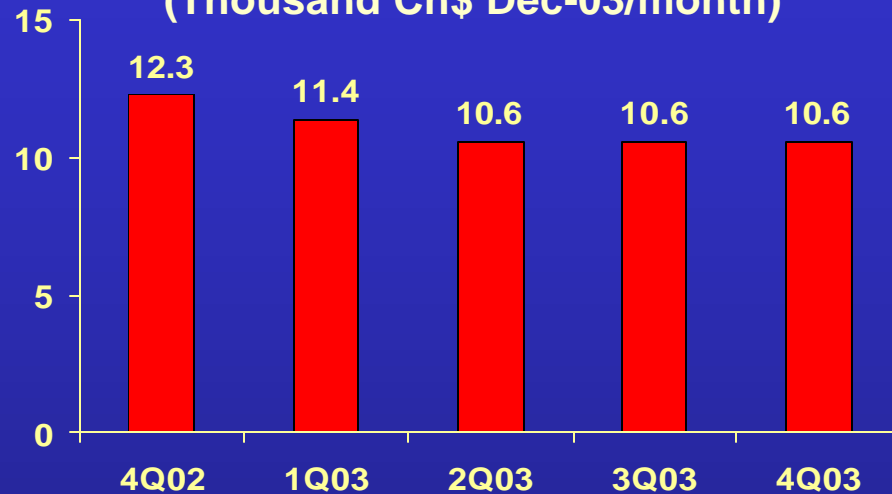
→ Nationwide coverage with GPRS services.



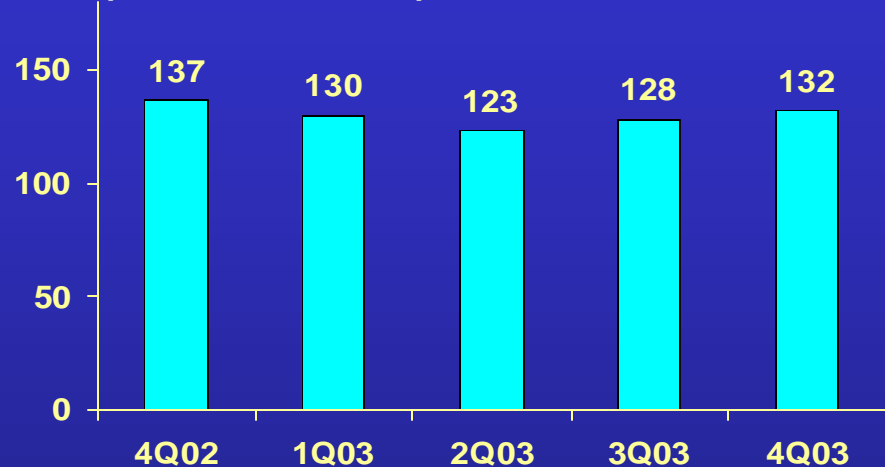
Mobile Telephony

Exchange rate: 593.8 Ch\$/ US\$

ARPU Average
(Thousand Ch\$ Dec-03/month)



MOU Average
(Minutes/month)

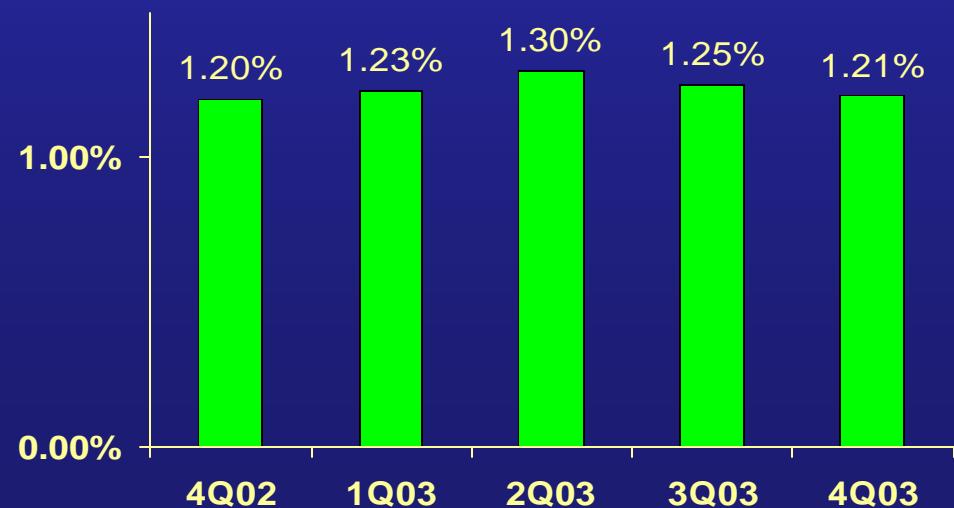


4Q03 vs 4Q02:

→ ARPU and MOU decreased 14% and 4%, respectively, due to lower incoming traffic from local phones and penetration into lower income segments.

→ VAS revenues growing at very attractive rates.

Average Monthly Churn

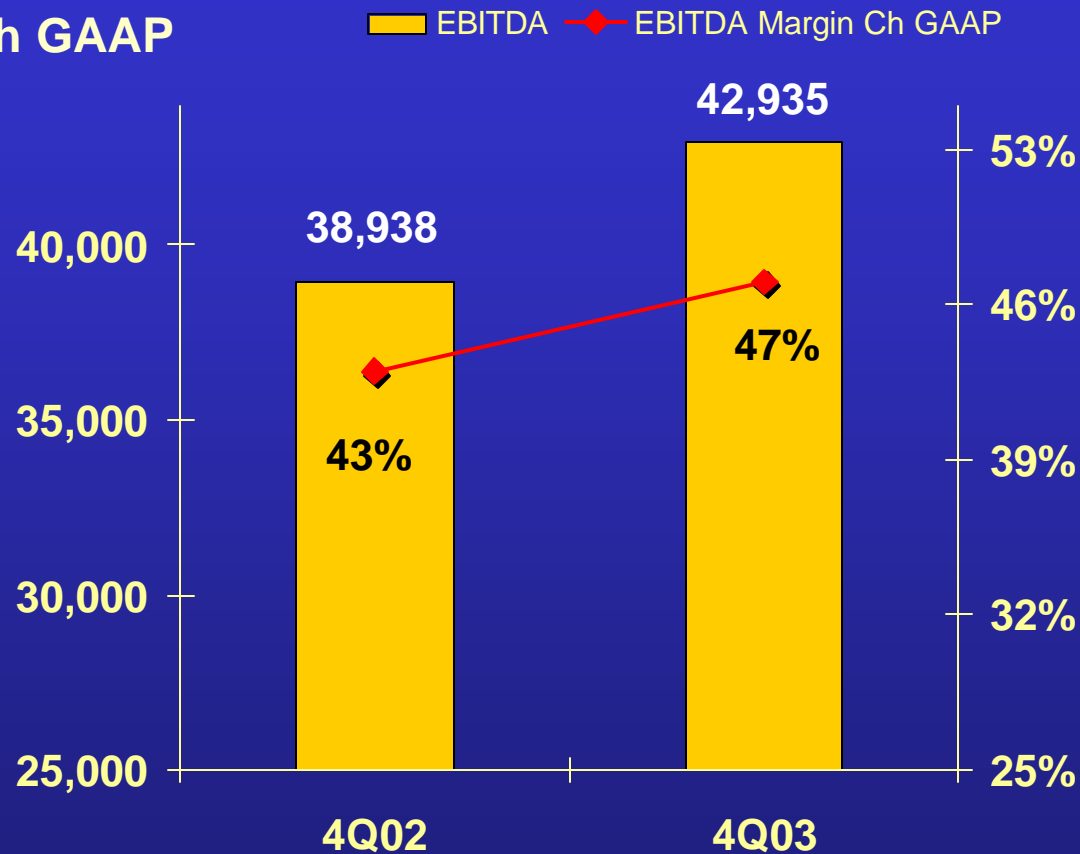




Mobile Telephony

Exchange rate: 593.8 Ch\$/ US\$

EBITDA Ch GAAP (MM Ch\$)



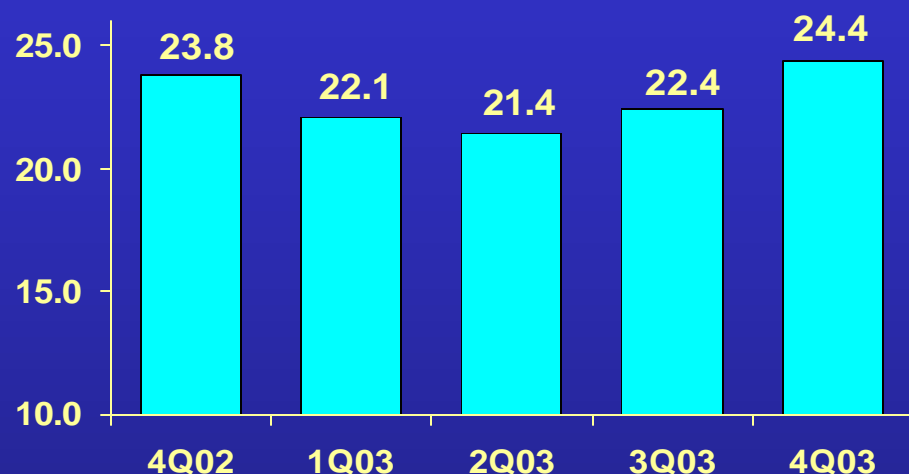
- High level of productivity (1655 customers/ employee).
- Operating income increased 22%.
- EBITDA Ch GAAP increased 10%.
- These positive results are due to improved postpaid services margins, lower acquisition costs and lower bad debt provisions.

EBITDA: Operating income + Depreciation+ Amortization.

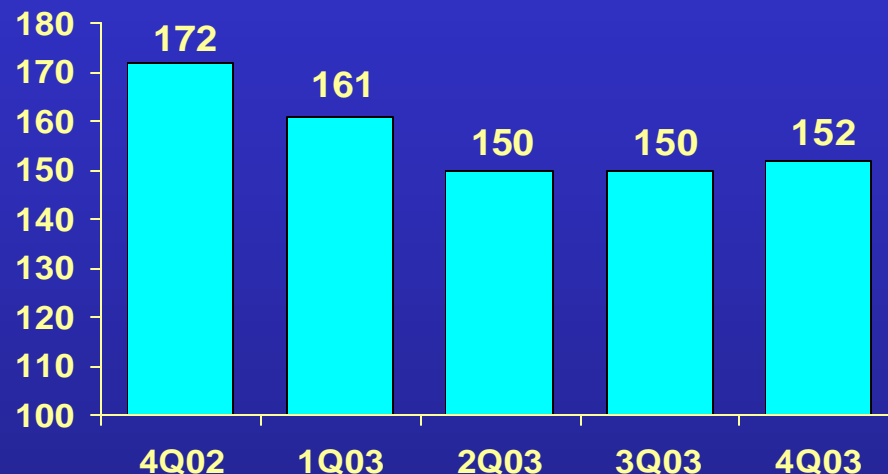


Long Distance

ILD Traffic - Quarterly Evolution
(Millions of minutes)



DLD Traffic - Quarterly Evolution
(Millions of minutes)

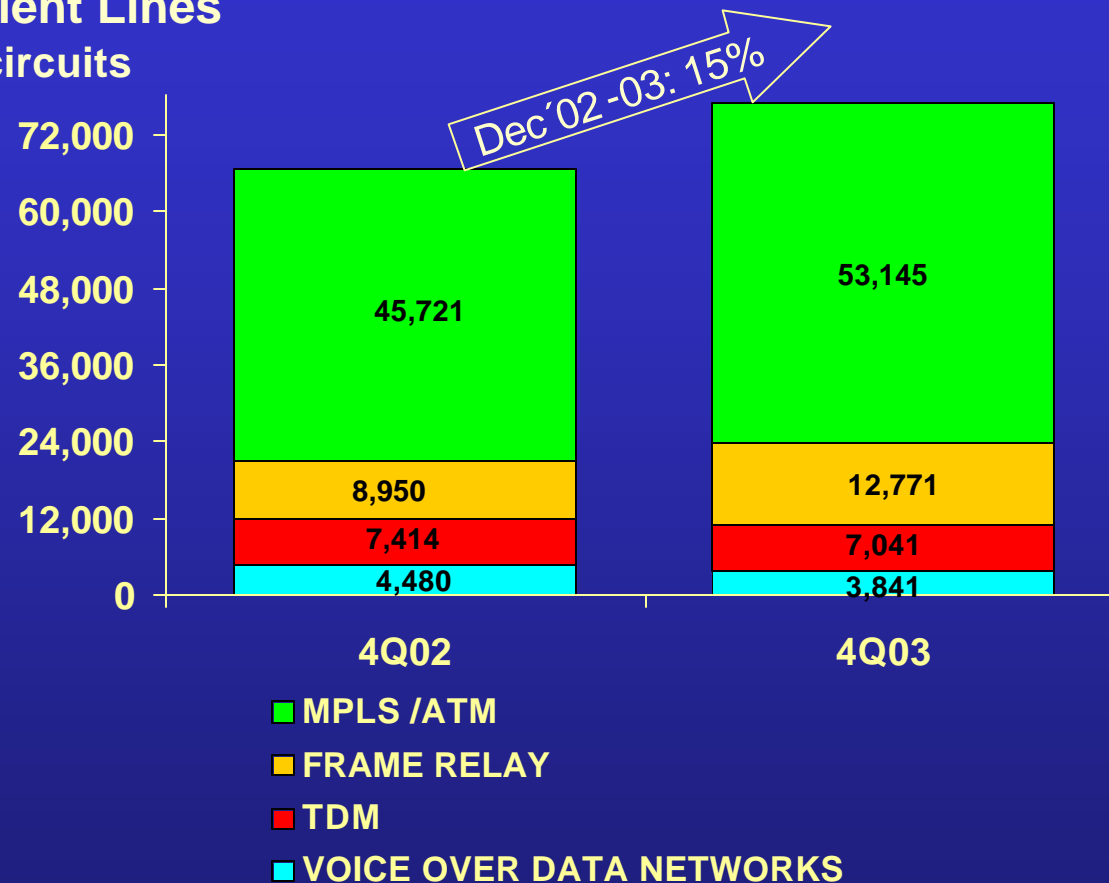


- ILD traffic grew 4Q03 vs 4Q02 mainly in dial-up contracted services. Tariff decline 5% mainly in value added services.
- DLD decreased 12% in traffic and 5% in tariff (volume mix) 4Q03 vs 4Q02.
- Stable market share: 37% DLD and 40% ILD.
- During 4Q03 were launched several value added services plans (e.g. “Non Stop”, “Tarifa Nocturna”, “Plan Flexible”). Focus in increase loyalty and preserve cash flow.



Data Services

Selected Equivalent Lines 64 Kb equivalent circuits



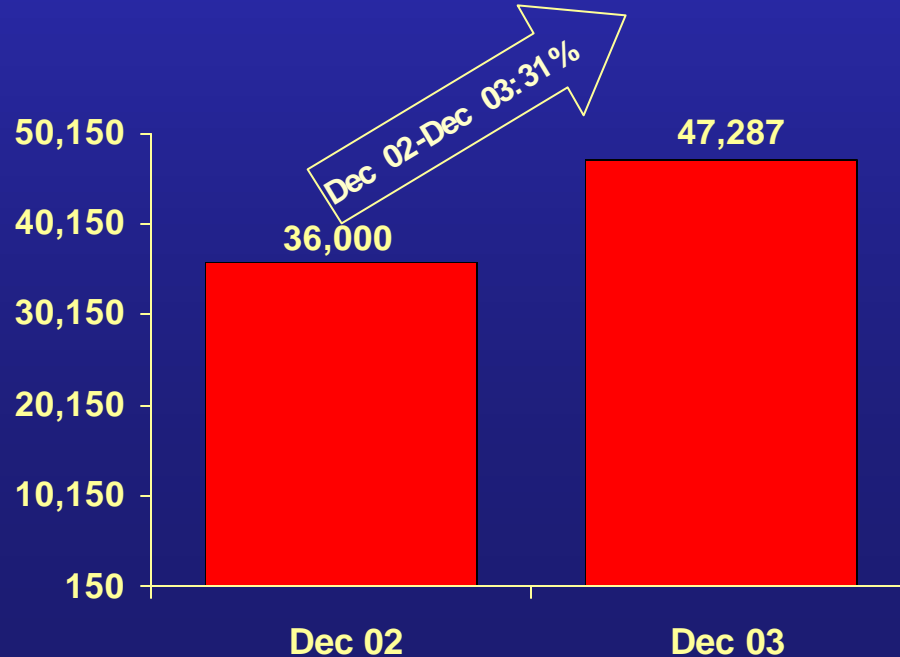
- Volumes continue growing especially in high-speed services (ATM and MPLS), which are replacing low-speed technologies (TDM, IBS and VSAT).
- Continue focus on offering a bundle of complementary services such a Call Center, integrated systems, Data Center and e-commerce.



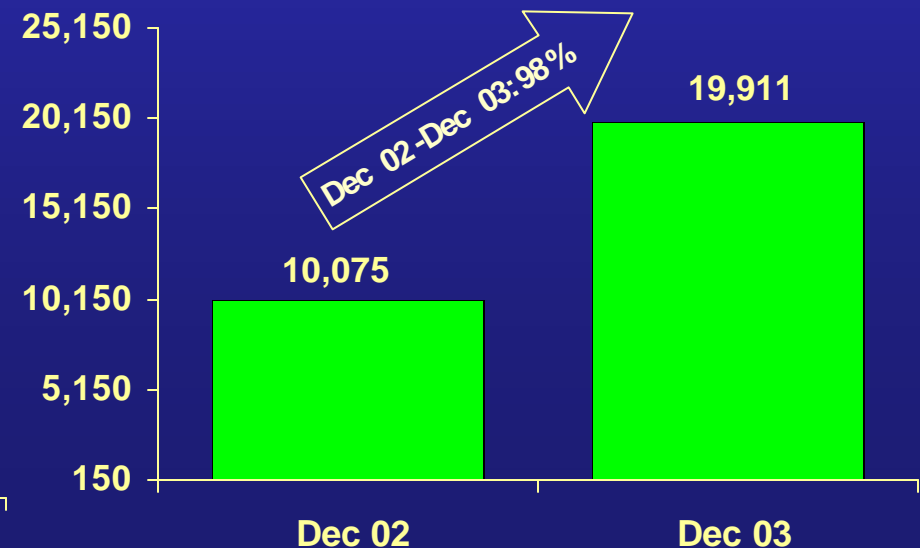
Internet

- Broadband Internet continues growing at high rates in Chile (approx. 60% during 2003).
- Focus in selective growth through ADSL and WLL, using own network and third party unbundling.
- Strategy of bundling services (local).

Broadband clients WILL + ADSL



Dedicated equivalent lines (64 Kb)

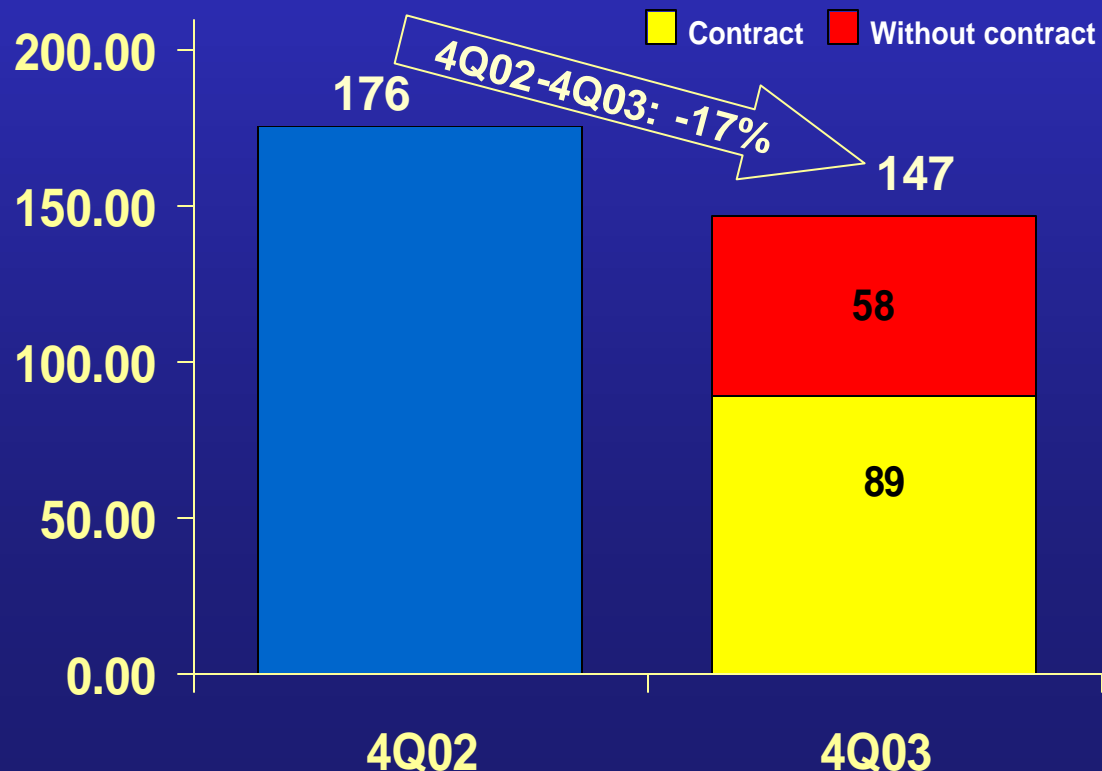




Internet

- Dial-up customers migrating to broadband services.
- Increased usage of flat rate plans (customers pay a fixed monthly fee without variable rate).

Active Dial-Up Access Accounts*
(In Thousands)



→ B2B marketplace (Merconet) clients: 1,370.

During 4Q03:

→ 39 million average page views/month.

→ Average of 1.3 million unique visits/month.

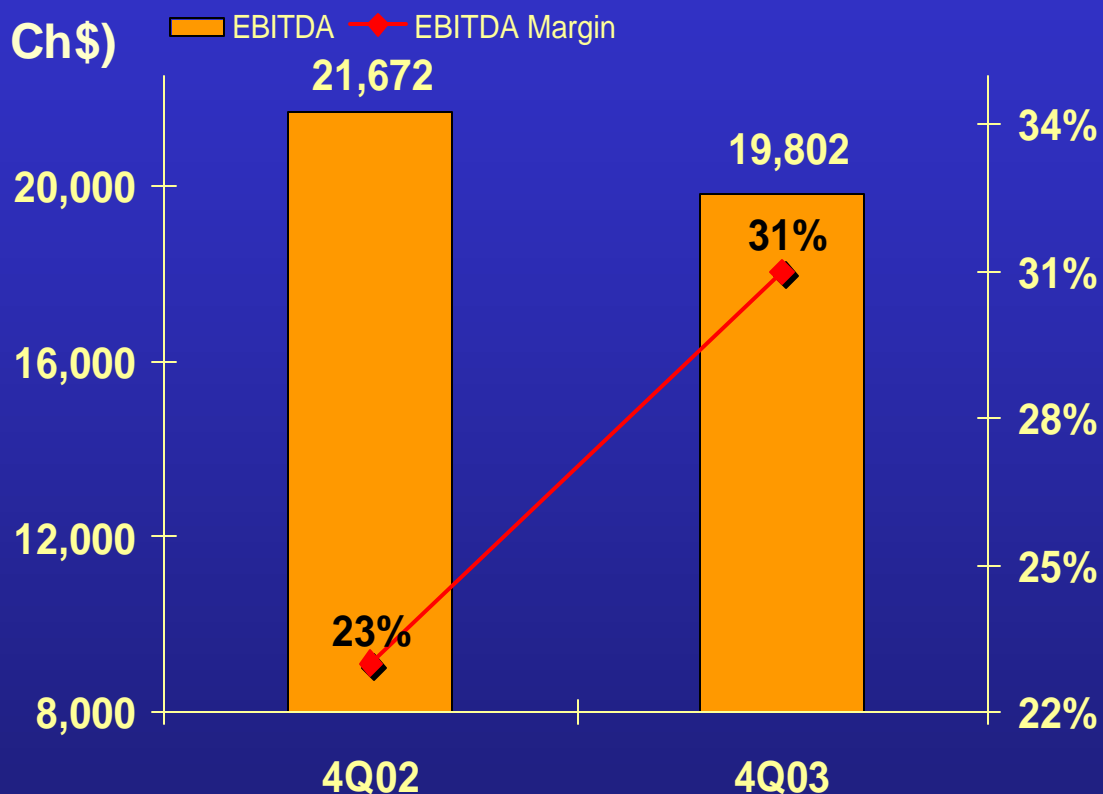
* Numbers after adjustment in customer database in December 2002 for 32,351.



Entel Parent Company

Exchange rate: 593.8 Ch\$/ US\$

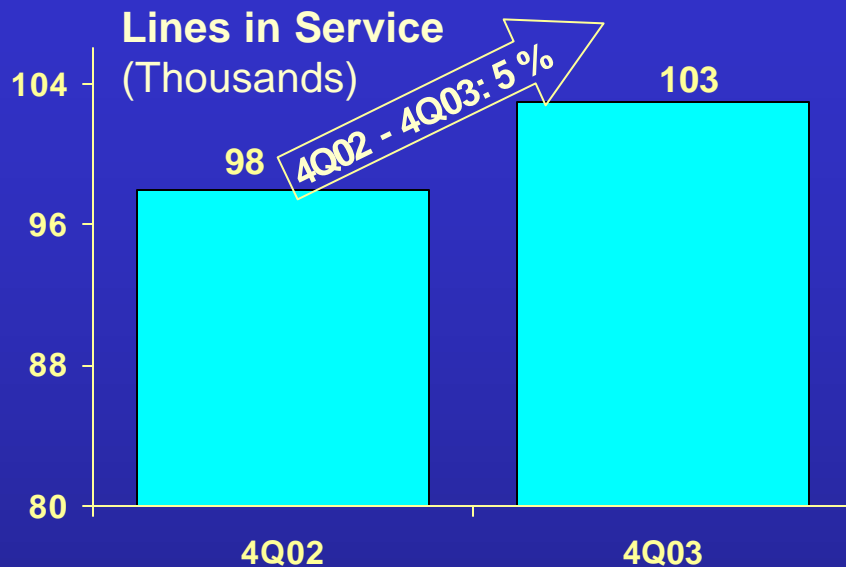
EBITDA (MM Ch\$)



- EBITDA decrease mainly due to lower LD revenues, partially offset by costs reductions all across the board.
- EBITDA margin improved as a result of lower sales in traffic business, which usually have low margins and due to tight control in expenses.

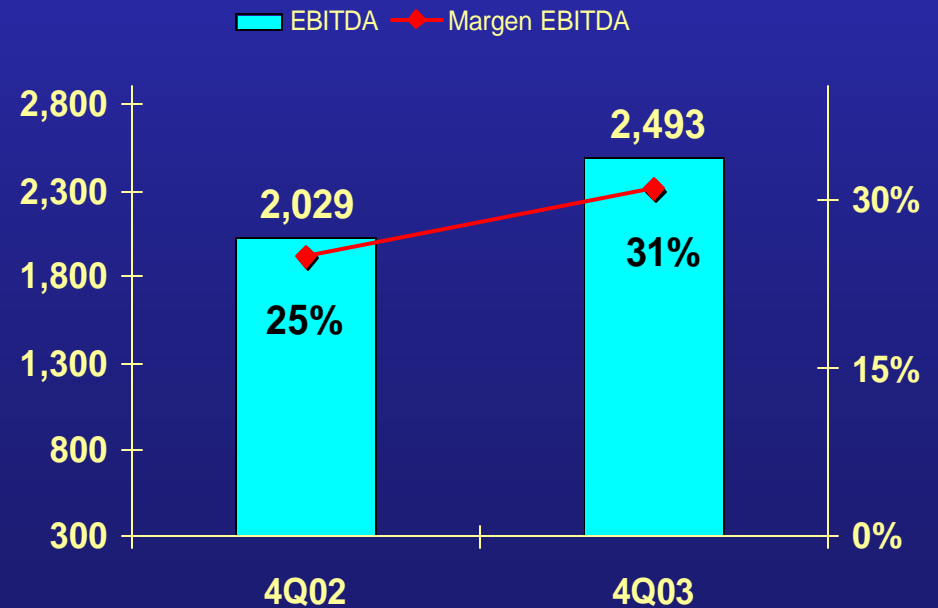
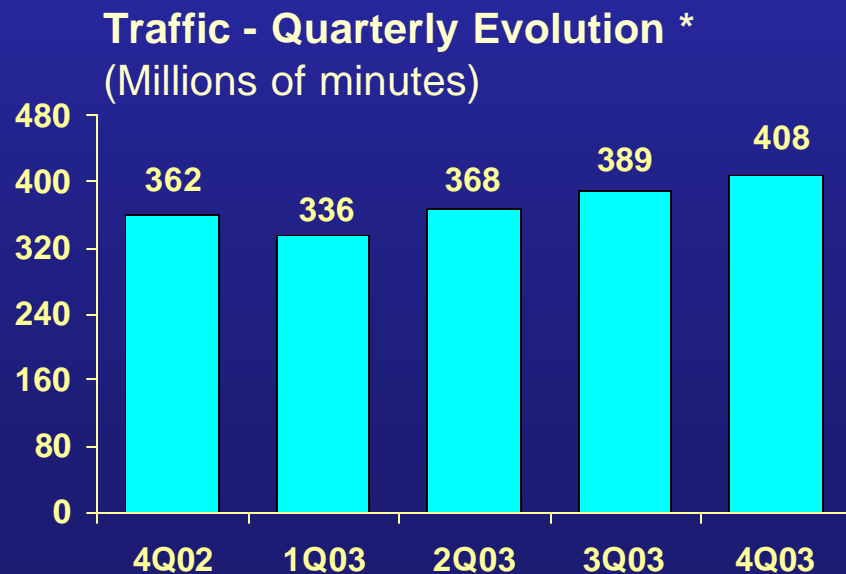


Local Telephony



- Bundling of local telephony lines with ADSL.
- 75% of billing lines in business and corporate customers.
- EBITDA increase due to better result in complementary services and fixed charge.

EBITDA* (MM Ch\$)



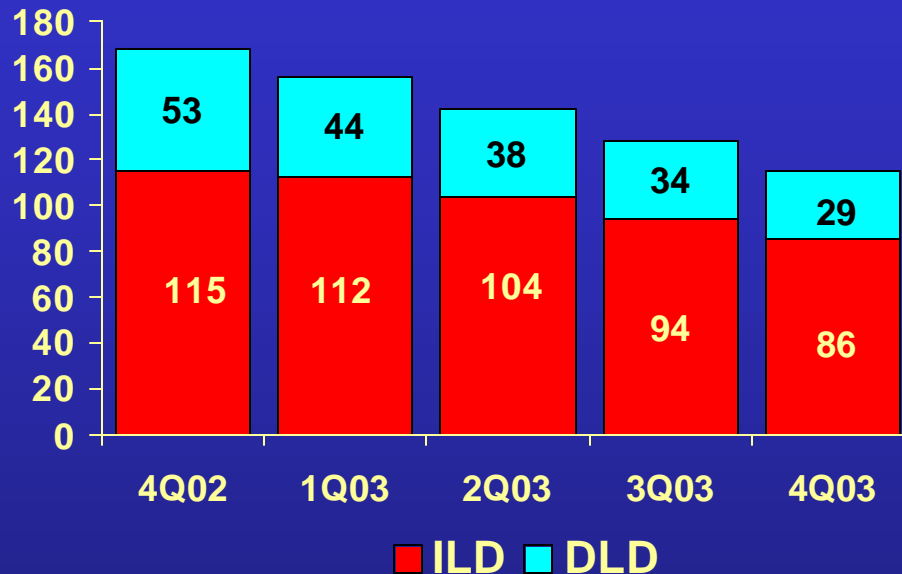
*This figure does not include WLL.

* Includes all traffic through Entelphone (SLM, Internet, LD, CPP).



Americatel USA

**Dial-around -10 10 123 + Contracted Traffic
Quarterly Evolution (Millions of minutes)**



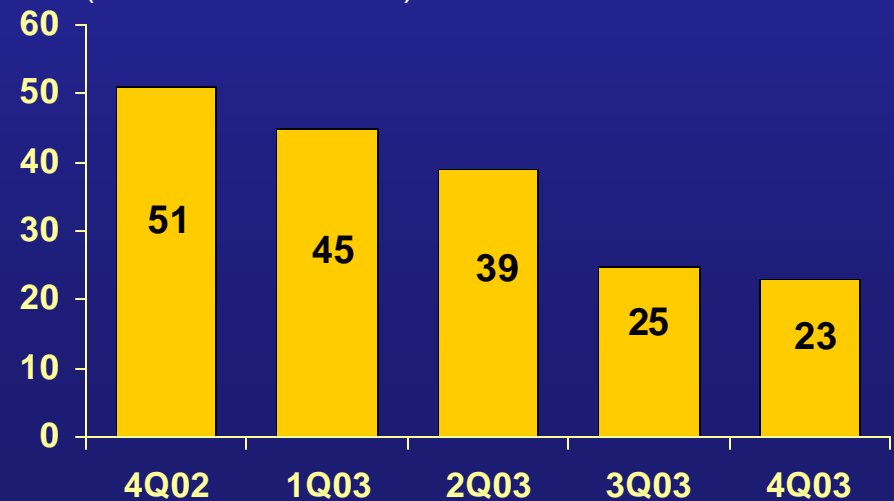
→ Prepaid card traffic decreased due to more competitive environment. Americatel launched more price competitive cards ("Ultra").

Dial-around + Contracted margin trend:

→ ILD direct margins decreased due to lower tariffs partially compensated by lower cost.

→ DLD direct margin improved due to cost reductions and higher tariff.

**Prepaid Ticket Traffic
Quarterly Evolution
(Millions of minutes)**





Americatel USA

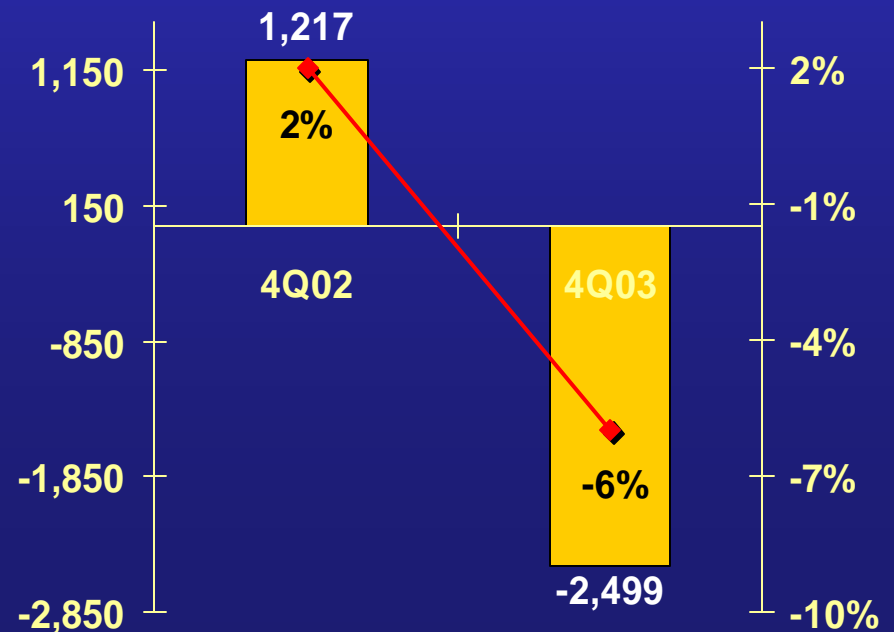
- Americatel continues facing increased competition from local operators that can now offer LD services.
- Focus in retention plans, developing new services and operational efficiencies to improve margins.

Lower EBITDA results from :

- US\$ 3.5 million extraordinary bad debt provision.
- Lower LD traffic.

EBITDA

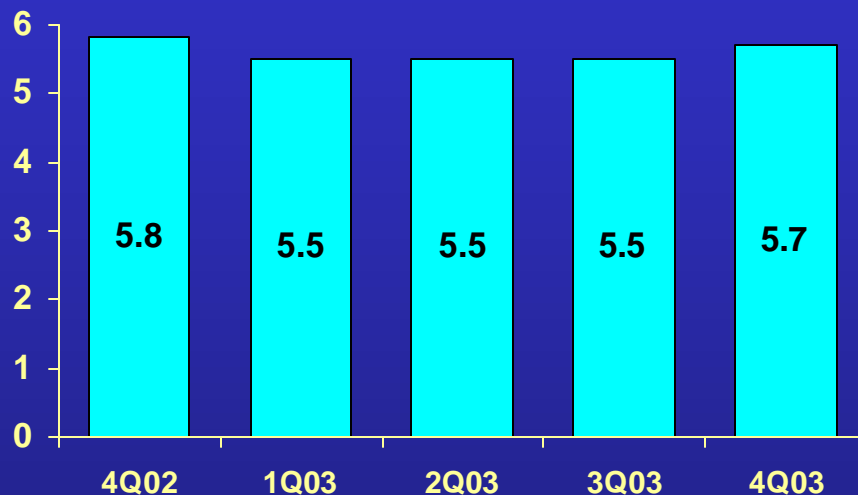
(Thousand US\$) ■ EBITDA ◆ EBITDA Margin



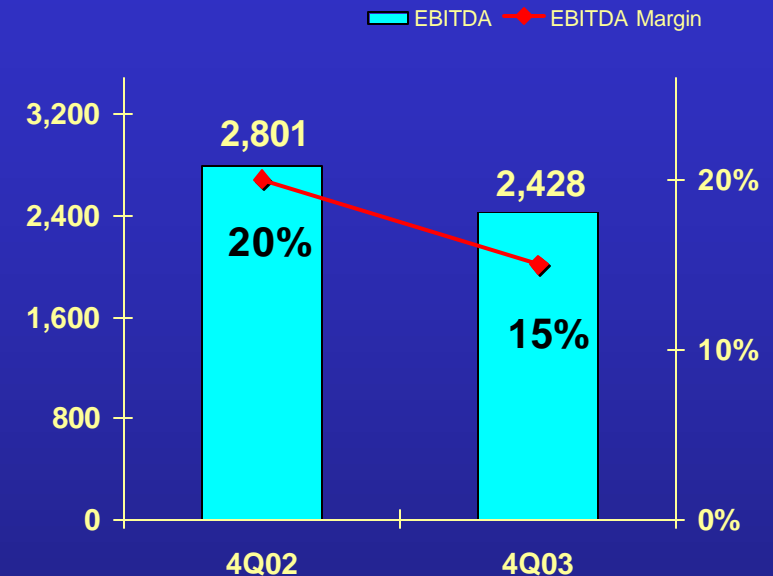


Americatel Central America

Carrier 158 (El Salvador) + 143 (Guatemala)
Traffic - Quarterly Evolution
(Millions of minutes)



EBITDA
(Thousands US\$)

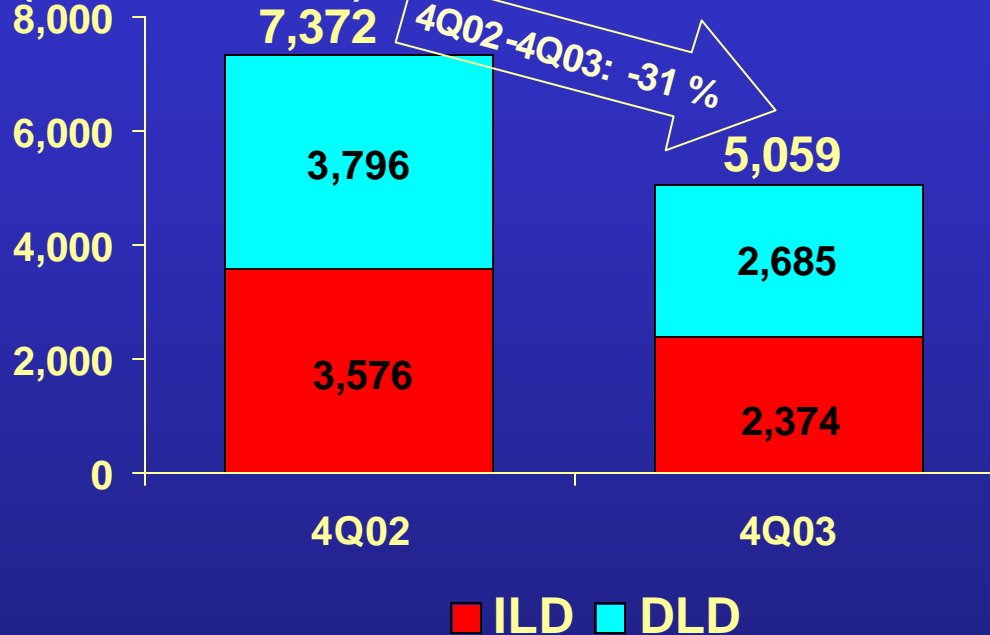


→ EBITDA decreased 13% mainly due to lower direct margins in the wholesale business, partially offset by lower SG&A expenses.



Americatel Peru

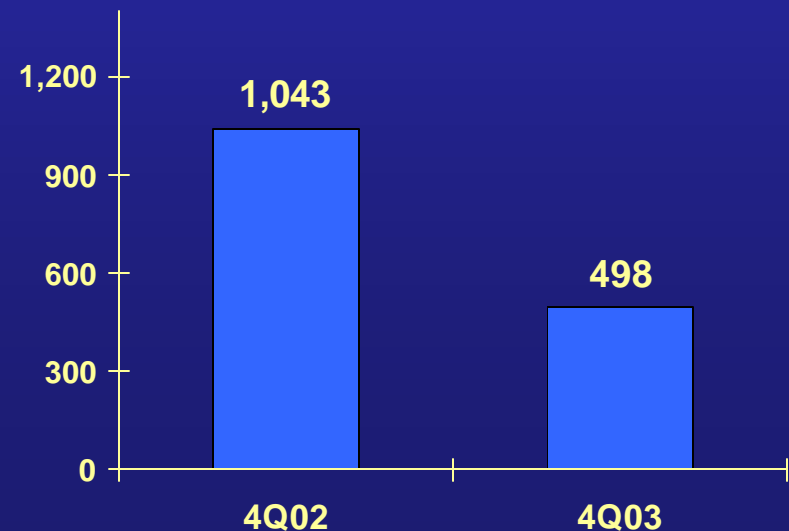
Quarterly Revenues Americatel Peru (ILD + DLD) (Thousands US\$)



→ Increased competitive environment in LD market.

→ Positioned to increase participation in the data/local business, after acquisition of DIVEO Inc.

EBITDA Peru (Thousands US\$)





Financial Results

Fourth Quarter 2003

- Consolidated Operating Results
- Non Operating Results



Consolidated Quarterly Results

(MM Ch\$ Dec-03)

Exchange rate: 593.8 Ch\$/ US\$

	4Q03	4Q02	Var%
Net revenues	167,232	219,300	-24%
Cost of operations	90,926	134,369	-32%
Selling & administrative expenses	47,656	54,775	-13%
Operating income	28,650	30,155	-5%
Ebitda	61,302	65,156	-6%
Non operating income	-11,555	-11,279	2%
Income before tax & minority interest	17,095	18,877	-9%
Tax	-1,656	49	
Minority interest	225	-345	
Net income	15,700	18,581	-16%

- Revenues decrease primarily due to International subsidiaries, negative affected by a 17% reduction in USD exchange rate and traffic business.
- Continues cost- reductions trend in mature business, reflected in lower costs and expenses.
- Lower long distance margins in international subsidiaries and parent company affecting operating income and EBITDA.
- Non operating losses slightly increased due to a severance payment related with the restructuration process in mature business.

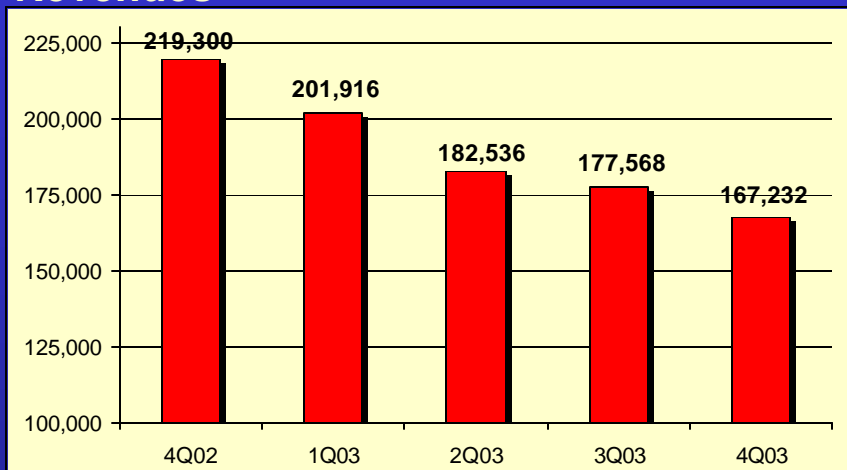


Consolidated Quarterly Results

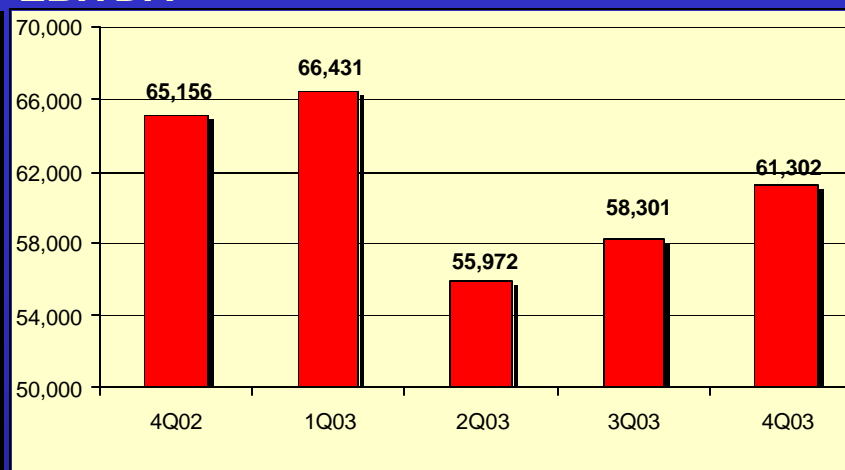
(MM Ch\$ Dec-03)

Exchange rate: 593.8 Ch\$/ US\$

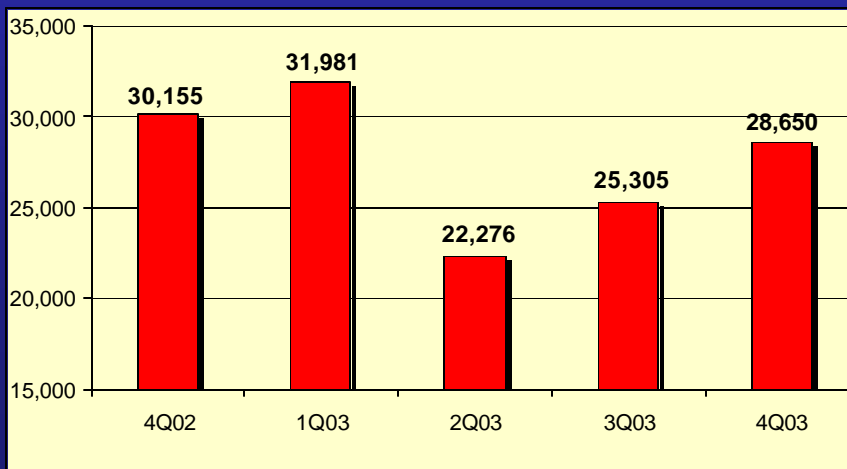
Revenues



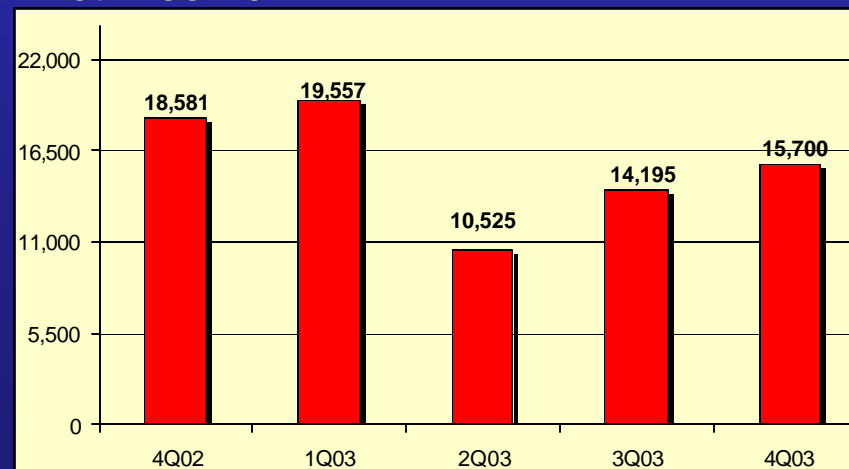
EBITDA



Operating Income



Net Income





Consolidated Revenues

(MM Ch\$ Dec-03)

Exchange rate: 593.8 Ch\$/ US\$

	4Q03	4Q02	Change %	Var MM\$
Net revenues	167,232	219,300	-24%	-52,068
Mobile services	91,038	88,774	3%	2,264
Domestic long distance	10,602	11,885	-11%	-1,283
International long distance	5,549	6,077	-9%	-528
Internet	7,639	7,405	3%	234
Data services	11,573	12,196	-5%	-624
Other telecommunication companies	2,384	2,915	-18%	-531
Traffic business	11,383	36,335	-69%	-24,952
International subsidiaries	18,151	44,271	-59%	-26,120
Local telephony	6,626	7,096	-7%	-471
Others	2,287	2,345	-2%	-58

- **Mobile telephony** : 17% increase in the average customer base, partially offset by a 14% decrease in ARPU.
- **Internet**: 31% growth of broadband (WLL+ADSL) customers, partially offset by lower dial-up traffic.
- **International subsidiaries**: reduction in revenues is explained by 17% decrease in USD exchange rate and lower traffic in Americatel USA.
- **Traffic business**: decreased related to higher spot business in the wholesale activity in Dec 02.
- **DLD** : 12% and 5% decrease in traffic and tariff, respectively.
- **ILD** : 3% growth in traffic and 5% decrease in average tariff.
- **Data services** : lower revenues from low speed point-to-point services (IBS and VSAT).



Consolidated Costs and Expenses

(MM Ch\$ Dec-03)

Exchange rate: 593.8 Ch\$/ US\$

	4Q03	4Q02	Change %	Var MM\$
Cost of operations and Selling & adm. Expenses	138,582	189,145	-27%	-50,563
Access charges	27,462	28,076	-2%	-613
Payments to correspondents	15,819	49,074	-68%	-33,255
Depreciation & amortization	29,203	29,993	-3%	-790
Salaries & expenses	17,195	17,150	0%	45
Outsourced service	9,196	11,167	-18%	-1,971
Amortization of prepaid equipment	3,110	5,399	-42%	-2,290
Bad debt provision	7,311	6,575	11%	737
Others (call center, travel, advertising invoice ch.)	29,286	41,712	-30%	-12,426

- **Payments to correspondents:** lower activity in wholesale traffic.
- **Amortization of prepaid equipment:** lower prepaid handset subsidies in the mobile business.
- **Others:** strong decrease in advertisement in Americatel USA and parent company.
- **Outsourced services:** lower costs in long distance transportation and distribution of prepaid card in Americatel USA.
- **Bad debt provision:** extraordinary charge in Americatel USA in connection with unbillable customers from prior years.



Consolidated Non Operating Results

(MM Ch\$ Dec-03)

Exchange rate: 593.8 Ch\$/ US\$

	4Q03	4Q02	Change %
Non operating results	(11,555)	(11,279)	2%
Interest income	1,106	353	213%
Other income	(1,186)	1,128	
Equity in losses of related companies	(1)	(59)	-99%
Amortization of goodwill	(880)	(889)	-1%
Financial expenses	(5,924)	(6,909)	-14%
Other expenses	(5,193)	(3,379)	54%
Price level restatements & gain (loss) for exchange rates	523	(1,524)	

- Other expenses were affected by severance payments for restructuring process in the parent company.
- Lower financial expenses in connection with a decreasing financial debt.
- Lower losses in monetary correction resulting from a lower inflation rate.

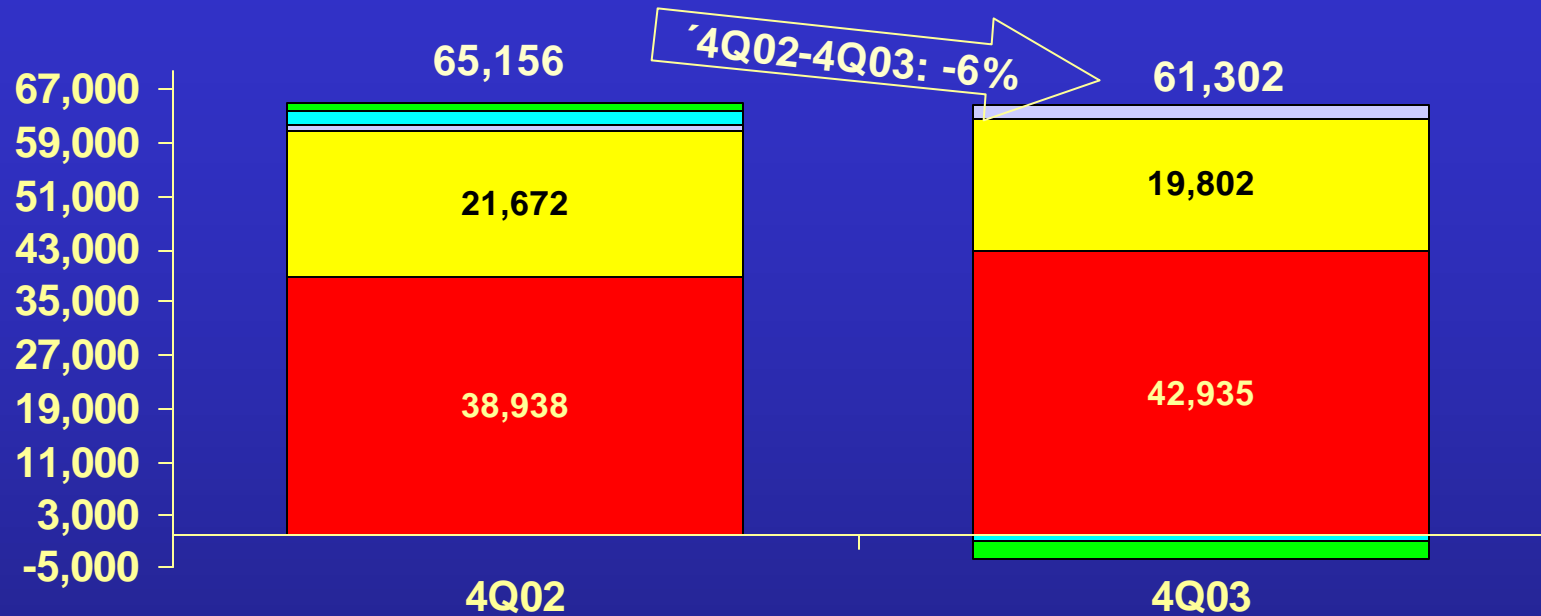


Consolidated Cash Generation*

*Operating Income + Depreciation + Amortization

(MM Ch\$ Dec-03)

Exchange rate: 593.8 Ch\$/ US\$



■ Mobile Service
■ Local Service
■ Others

■ Entel (LD+Internet+Data Serv)
■ International Subsidiaries

	4Q02	4Q03
EBITDA Margin	30%	37%



Simplified Free Cash Flow

(MM Ch\$ Dec-03)

Exchange rate: 593.8 Ch\$/ US\$

	Dec-03	Dec-02
EBITDA	242,007	246,082
CAPEX	-73,453	-142,256
Net Financial Expenses	-25,897	-29,739
SIMPLIFIED CASH FLOW	142,656	74,087

- 93% free cash flow growth.
- Consolidation of mobile services and cost contention in mature business are driving growth in cash flow.



Consolidated Debt & Hedge

HEDGE	December 2003	December 2002
Average Hedge Debt (US\$ thou.)	418,093	581,496
CONSOLIDATED DEBT	December 2003	December 2002
Average Gross Debt (MM Ch\$)	527,560	583,679
Current Rate end of period	4.98%	4.68%
Final Gross Debt (MM Ch\$)	470,636	579,097
Final Net Debt (MM\$ Ch)	397,026	520,523



Financial Ratios

Financial Indexes	December 2003	December 2002
Current assets / Current liabilities	1.47	2.10
Total liabilities / (equity + min.interest)	1.09	1.34
EBITDA / Financial expenses	9.34	8.27
Financial debt / EBITDA	1.94	2.35

- Liquidity and interest coverage are at high levels and improving.
- Debt ratios continue to improve due to a reduction in interest bearing debt.



2004 Highlights

Focus 2004

- Mobile: growth based in value added services, customer retention and technological developments.
- Datacom: high growth in Internet broadband through bundling and selective developments in WLL/ ADSL, and also in integrating services (IT, Data Center, Call Center). Traditional services focused in corporate and small and medium enterprises with bundling.
- Long distance: focus in value-added services. Goal is to preserve cash flow in a stagnant market.
- International subsidiaries: increase participation in datacom services in Perú and develop new services in USA and Central America.



End of Presentation