



JAZZTEL
Towards profitability

XIV Santander Annual
Telecommunications Conference

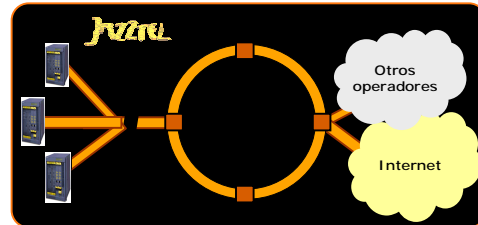


Cascais, Portugal
June 21&22th, 2007

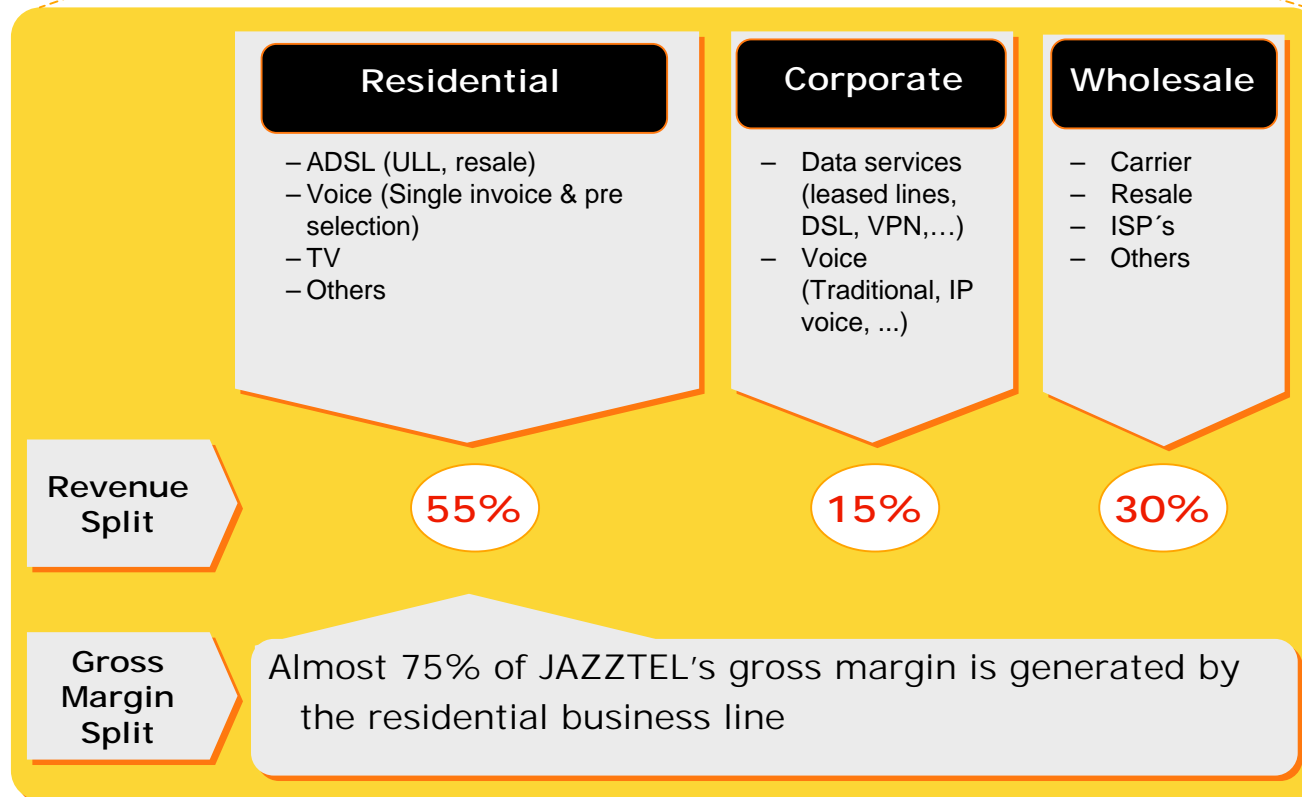


Introduction to JAZZTEL: an overview

JAZZTEL



- JAZZTEL has the largest alternative fix network infrastructure in Spain.



Residential

- ADSL (ULL, resale)
- Voice (Single invoice & pre selection)
- TV
- Others

Corporate

- Data services (leased lines, DSL, VPN,...)
- Voice (Traditional, IP voice, ...)

Wholesale

- Carrier
- Resale
- ISP's
- Others

- ... providing telecom services to all key markets..

- ... primary focus on broadband residential services



Introduction to JAZZTEL: towards profitability

JAZZTEL

Secure Assets

- NGN deployment
- CO²'s space
- Metropolitan fibre
- Other network deployment
- System deployment
- Human resources
- Brand revitalization

Profitability and operational efficiency

- Strategic road map focusing on:
 - Improve operational efficiency
 - Customer excellence
 - Decrease "cash-burn"
 - Achieve positive EBITDA
 - Upgrade product portfolio
 - Exploit assets intensively

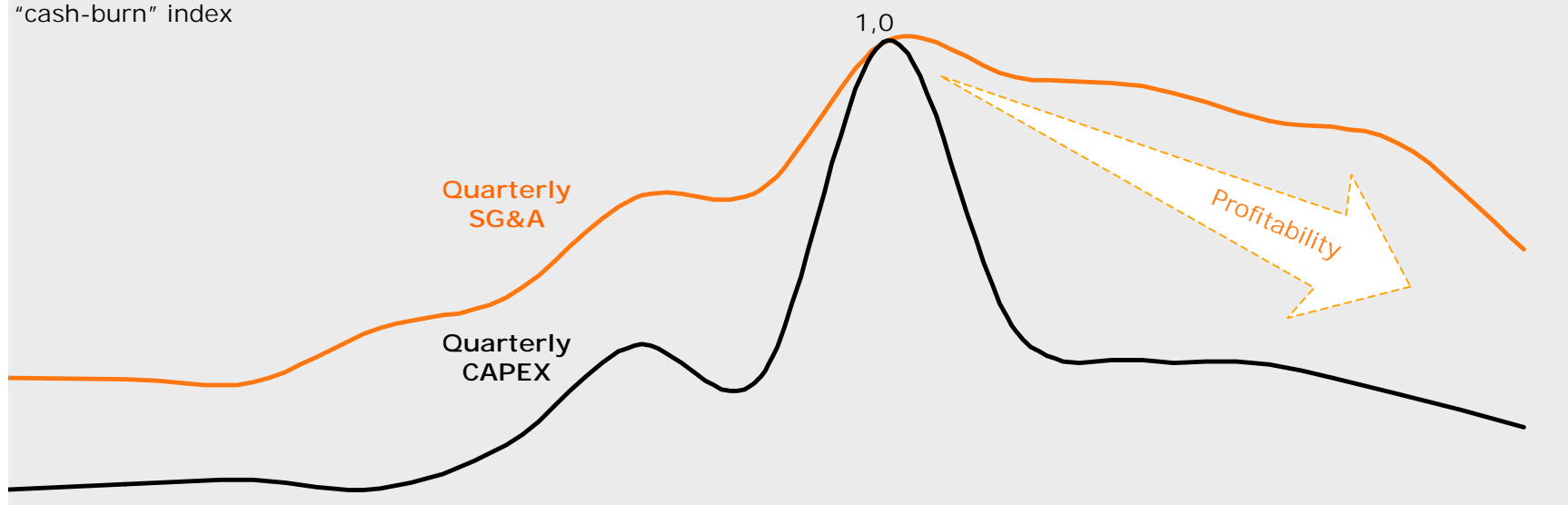
2004

2005

2006

2007

"cash-burn" index

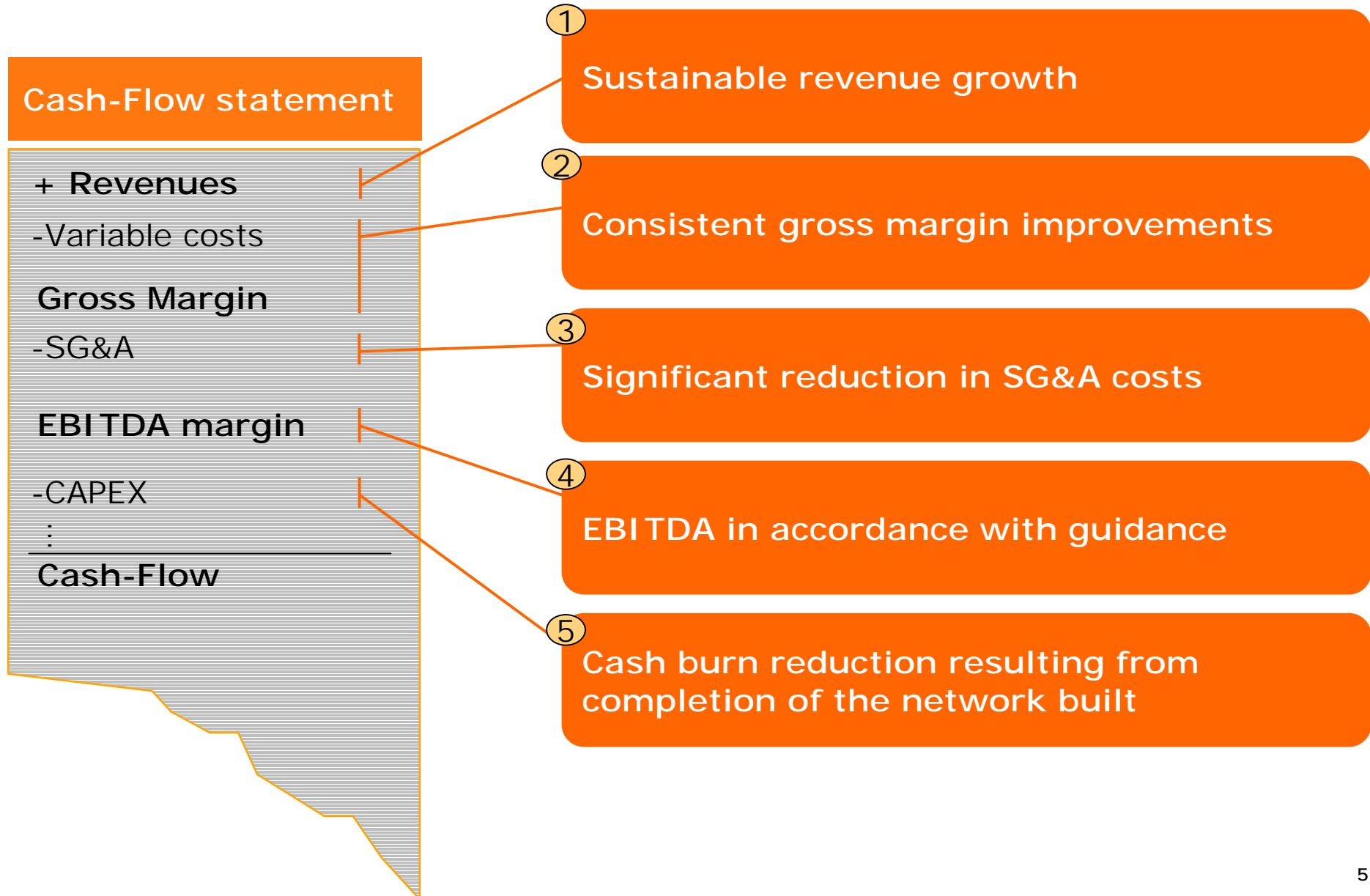




1. Achievements

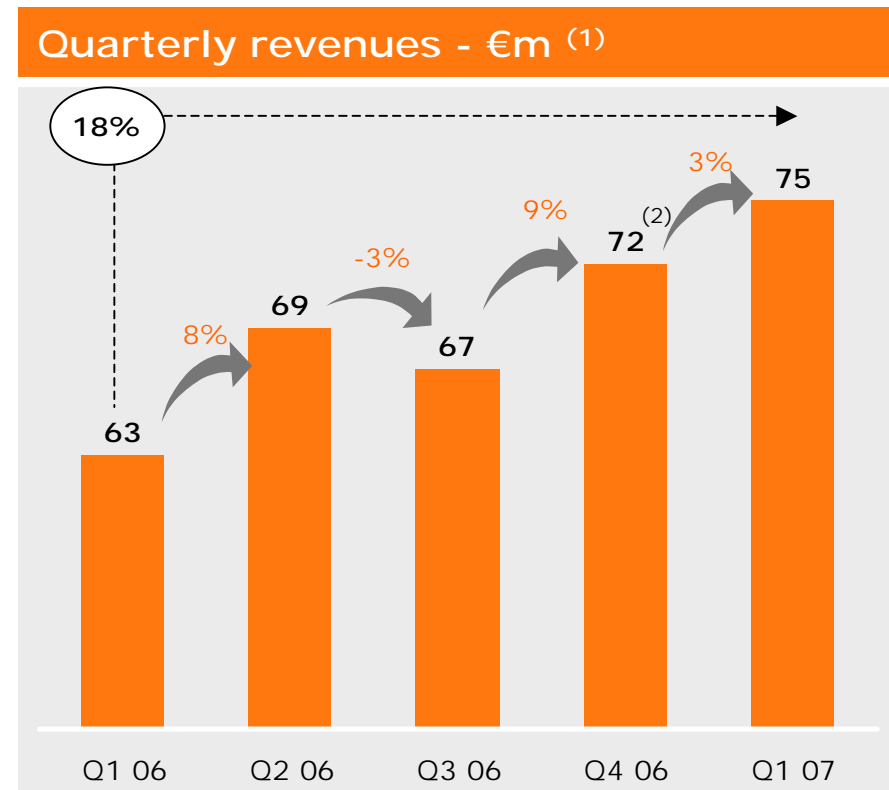
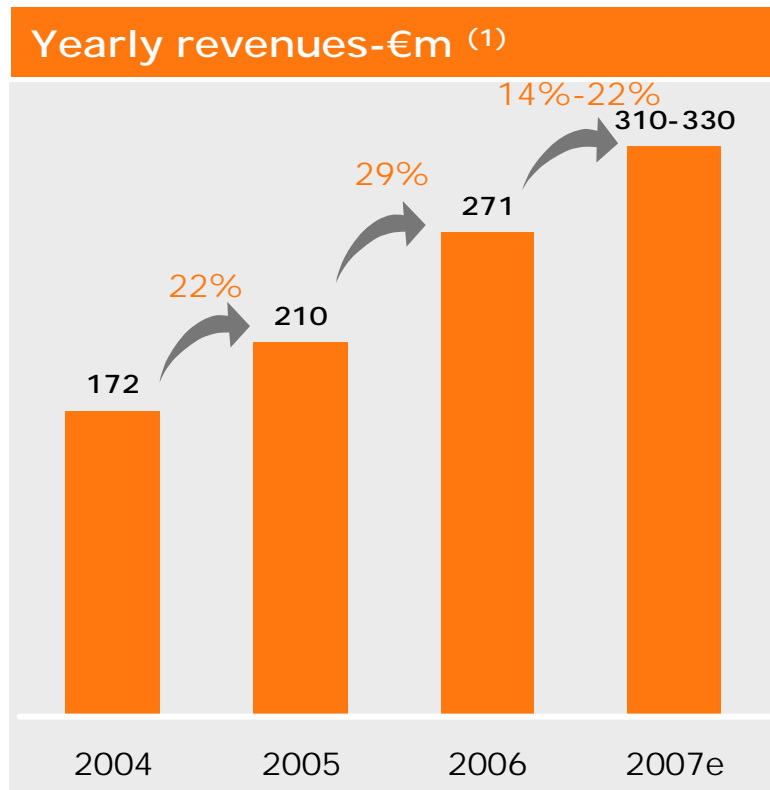
2. JAZZTEL's unique position towards convergence

3. Growth opportunities





Sustainable revenue growth



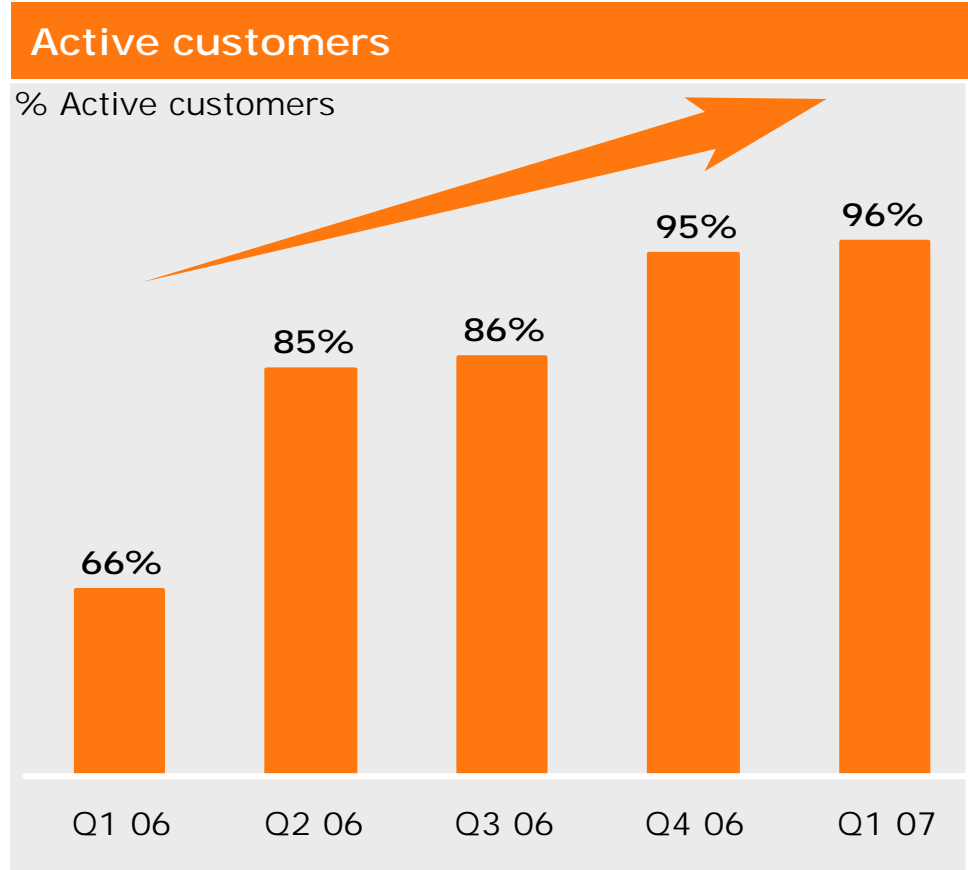
JAZZTEL continue to deliver sustainable revenue growth Year on Year

(1) Proforma figures excluding CCS and extraordinary revenues

(2) Excludes 6.6 million of extraordinary revenues



Sustainable revenue growth



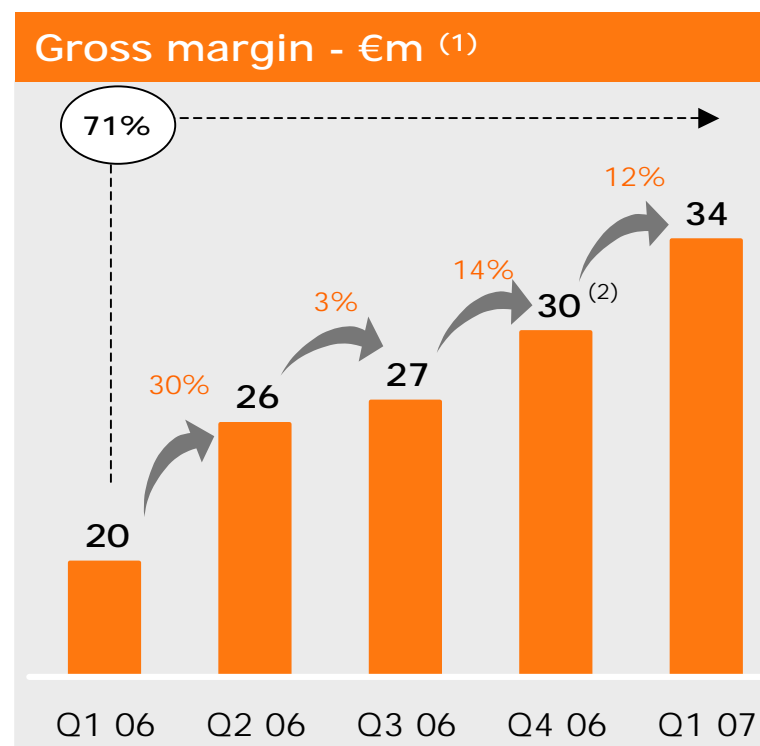
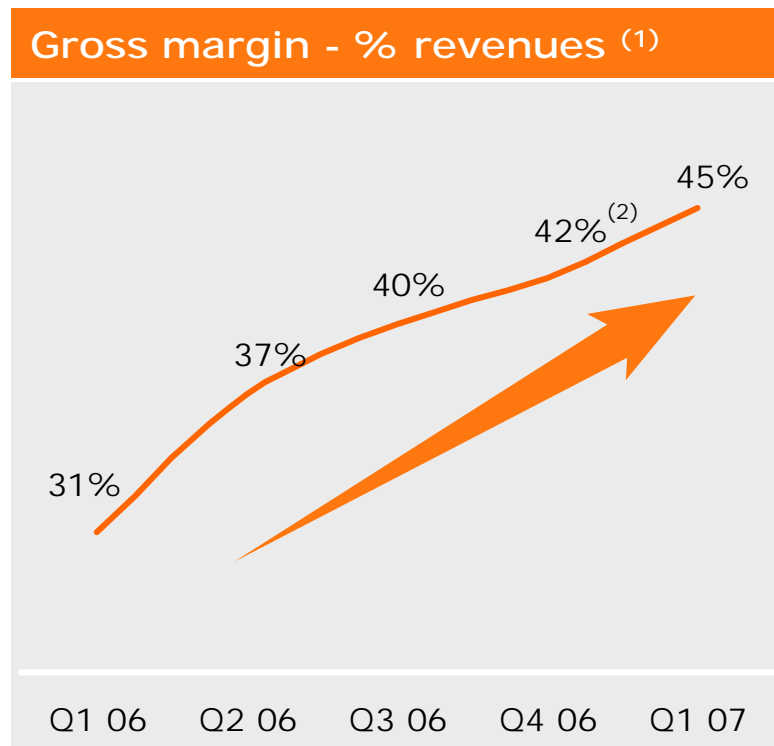
- JAZZTEL has improved its provisioning process –Currently, over 90% of JAZZTEL customers are provisioned in less than 30 days
- Customer base cleansing to reduce bad debt, ensure quality revenues and a high value customer base



JAZZTEL's provisioning lead times have been reduced, securing revenues and ensuring an increasingly satisfied customer base



Consistent gross margin improvement



JAZZTEL maintains its positive trend on gross margins due to its unique leverage on its own ULL infrastructure

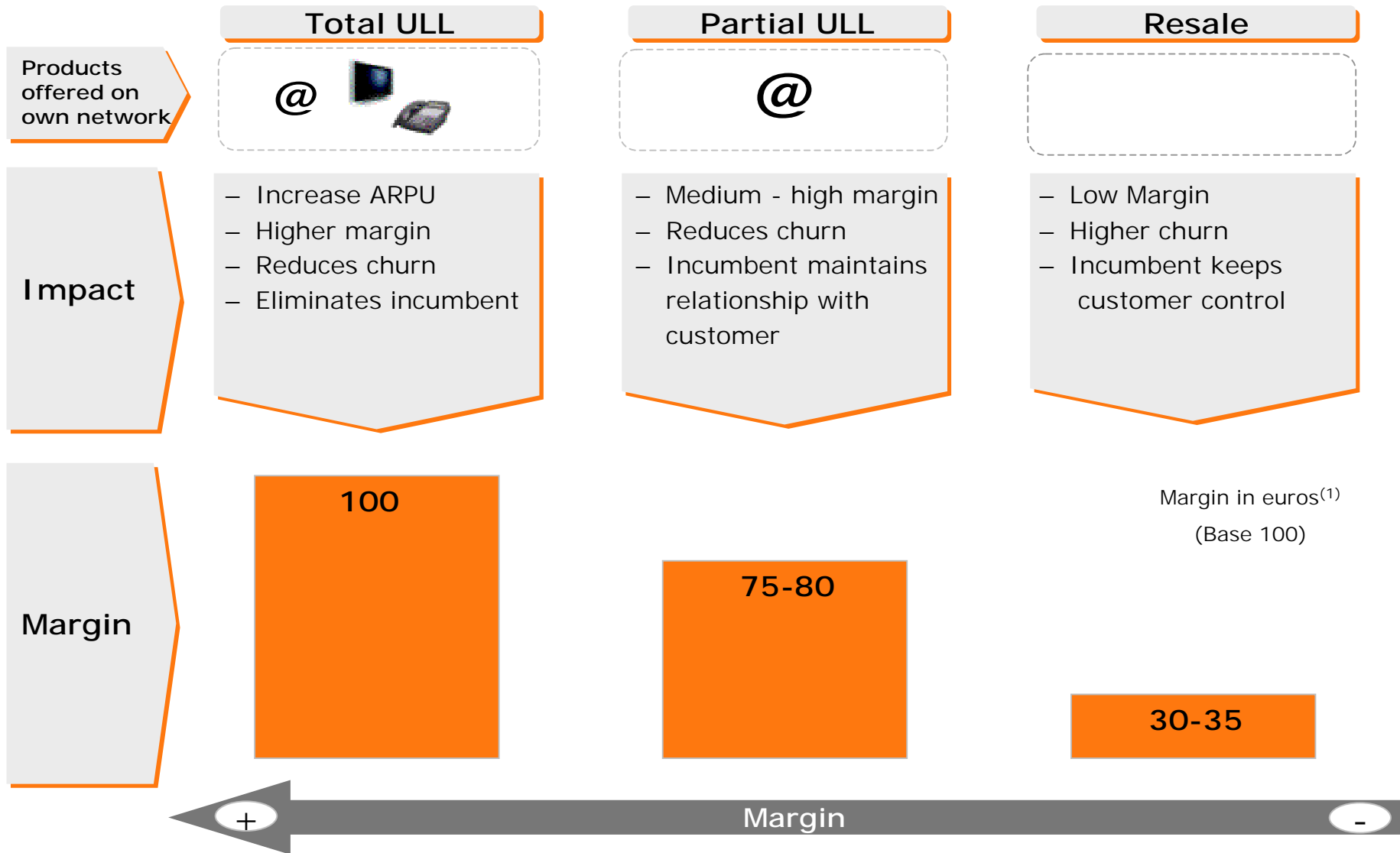
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Consistent gross margin improvement

Full ULL as a source of margin



(1) Estimate based on market average in base 100; full unbundling margin = 100



Consistent gross margin improvement

Aggressive ULL strategy



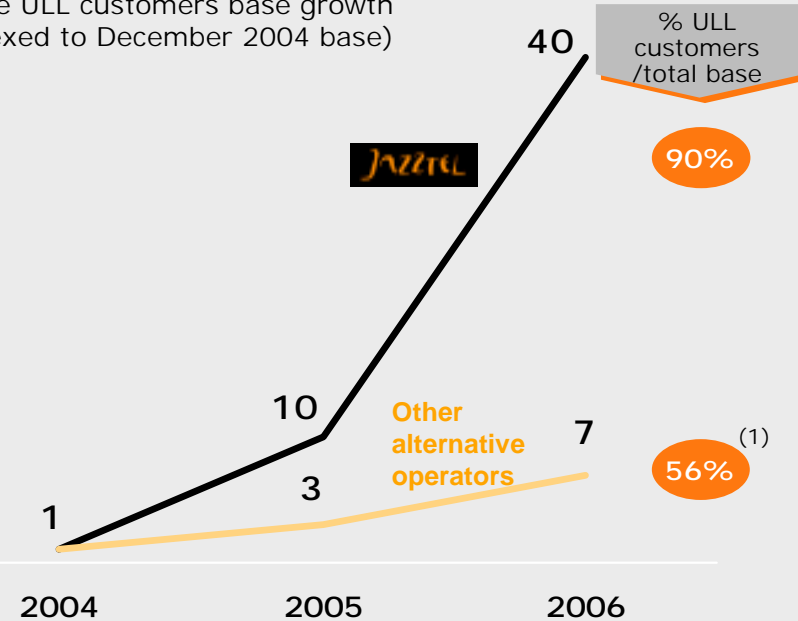
JAZZTEL customer evolution

% active customers



Comparison with other alternative operators

Active ULL customers base growth (Indexed to December 2004 base)



Approximately 90% of JAZZTEL's ADSL base is on ULL and more than 3 out of every 4 ULL customers are on fully unbundled local loop

(1) Includes corporate unbundled loop services



Reduction in SG&A costs

2006 cost cutting plan



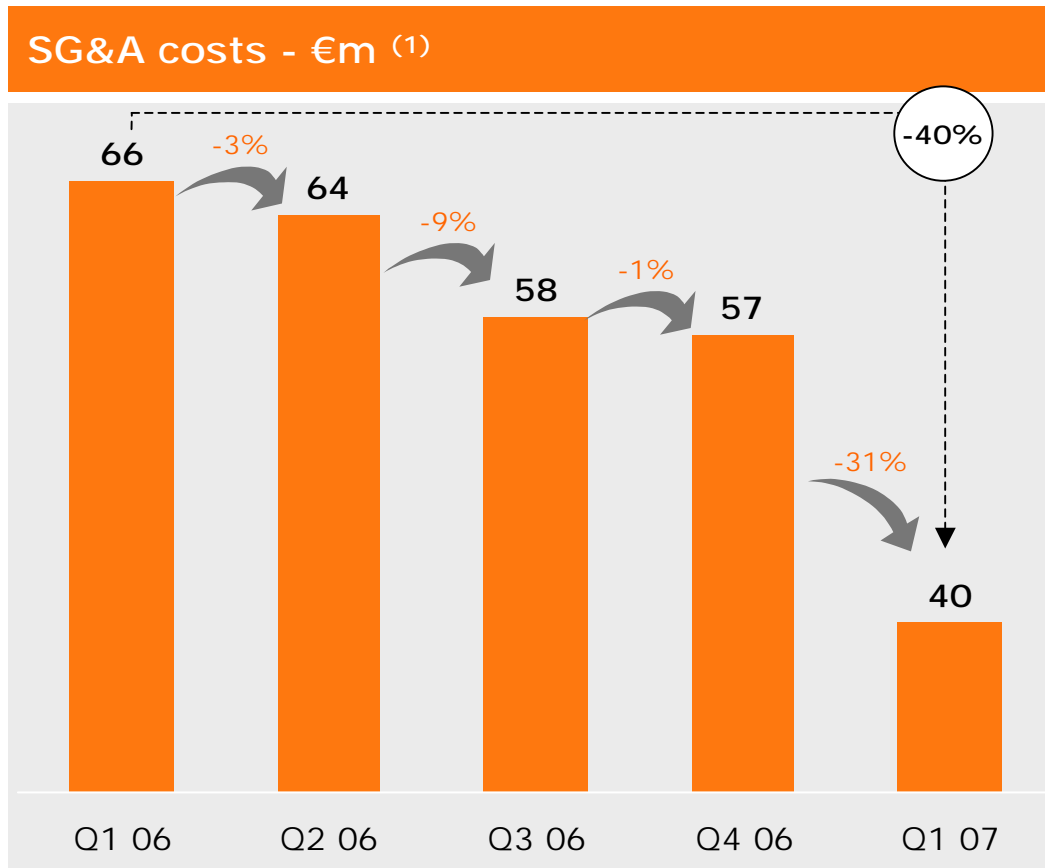
Actions	Description	Effect on costs (2007e) ⁽¹⁾
Customer care	<ul style="list-style-type: none">• In-sourcing of customer care centre, fully own and managed by JAZZTEL<ul style="list-style-type: none">– Improved cost– Better quality of service	50%-60%
Network costs	<ul style="list-style-type: none">• Reduced lease lines costs• Improved/ stabilized new IT platform• Improved customer provisioning, reduced lead times and number of calls	35%-45%
Marketing and acquisition costs	<ul style="list-style-type: none">• Reduced publicity expenditure• Adopt "Below-the-line" marketing strategy	25%-35%
Structure	<ul style="list-style-type: none">• Exited non strategy assets (CCS and Adatel)• Restructuring plan (from 900 to 580 employees)	30%-40%

(1) Compared to 2006 figures



Reduction in SG&A costs

Great achievements



Achievements

- Cost cutting measures in place in 2006
- Recurrent cost base benefits for 2007
- Integrated and agile company structure

% revenues

104%

93%

88%

79%⁽²⁾

53%

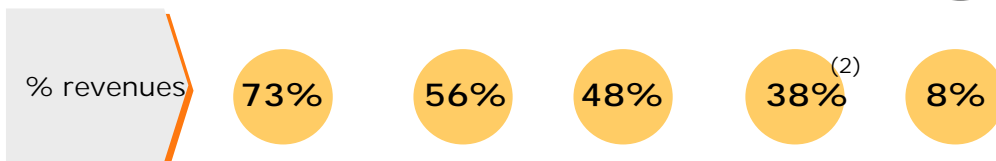
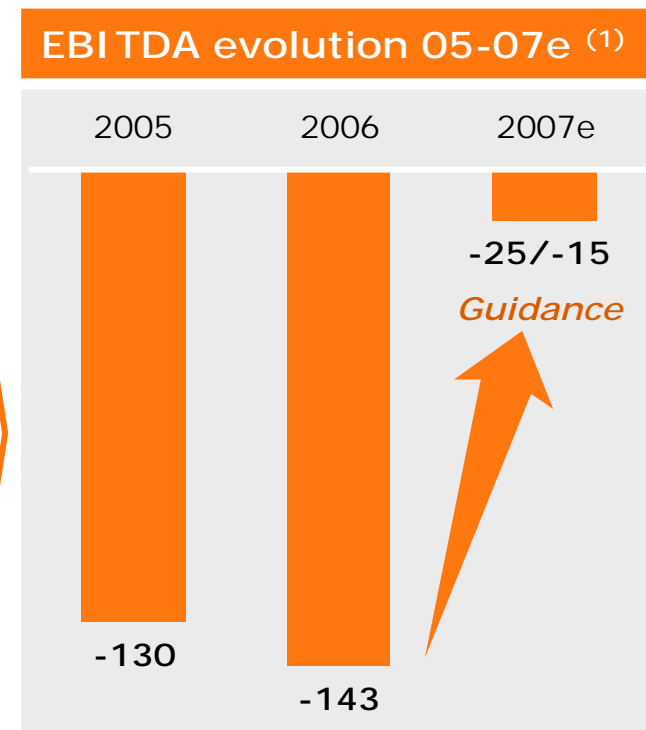
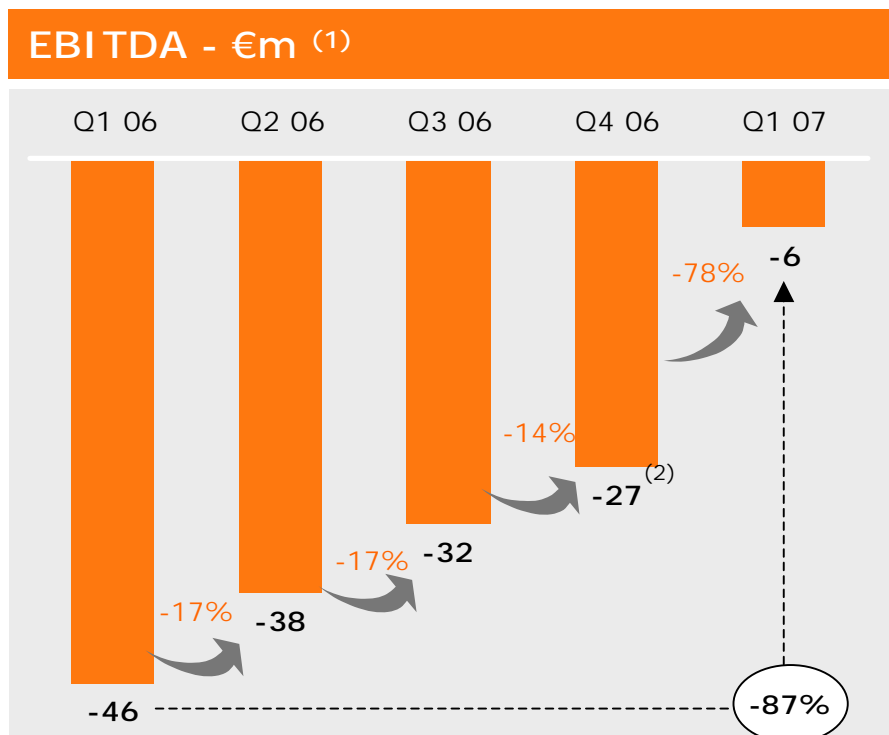
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(2) Excludes 6.6 million of extraordinary revenues



EBITDA performance

EBITDA guidance on track



Strong cost reduction and improved gross margins result in substantially reduced EBITDA losses, leading to confidence in 2007 guidance

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(2) Excludes 6.6 million of extraordinary revenues

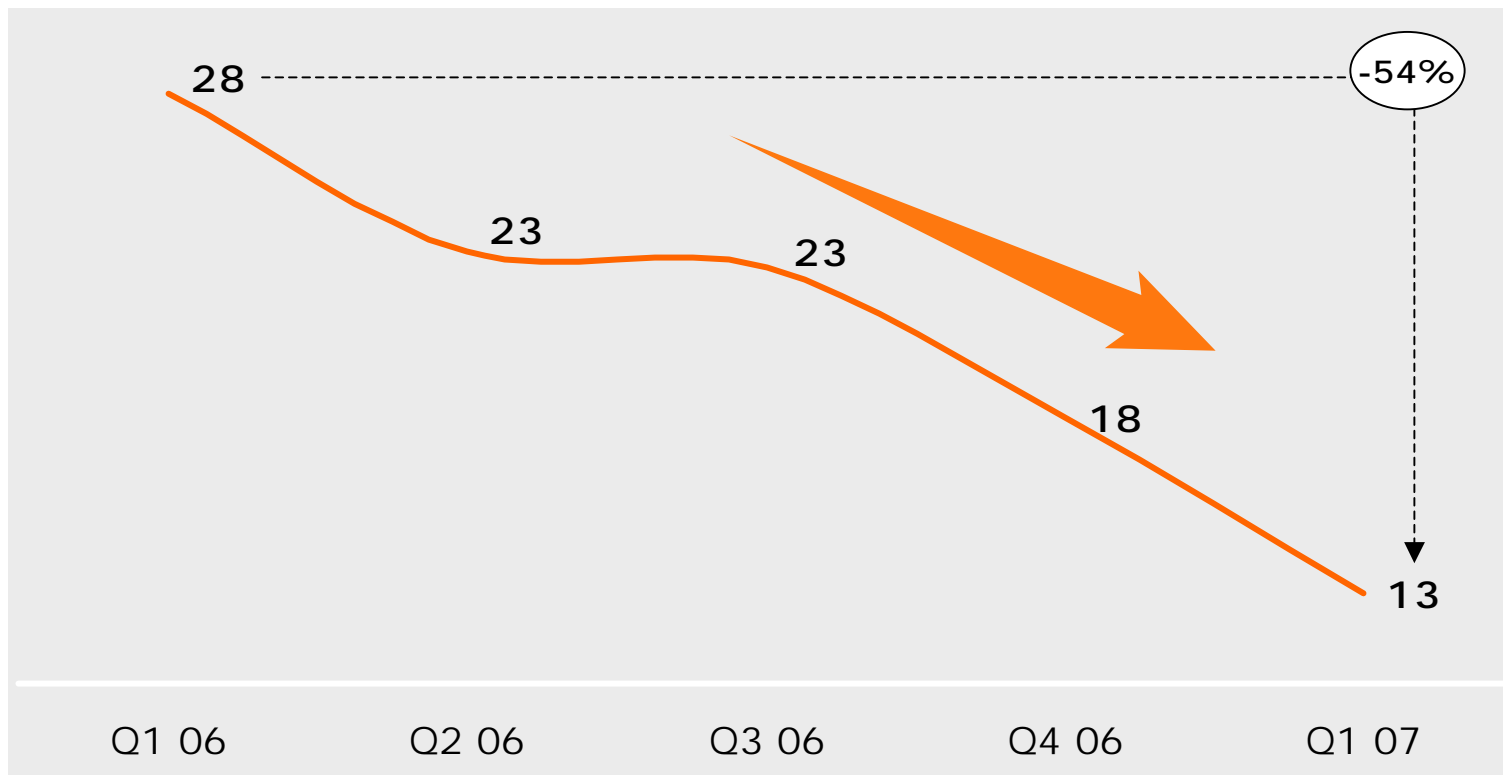


CAPEX evolution

Completion of asset building lead to reduced CAPEX



Quarterly CAPEX evolution - €m ⁽¹⁾



JAZZTEL network requirements are in place, reducing CAPEX needs going forward

(1) Proforma figures excluding CCS



1. Achievements



2 . JAZZTEL's unique position towards convergence

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Differential factors

Next generation network (NGN)

Extensive ULL fibre connected network

Proven assets and bundling expertise for Convergence



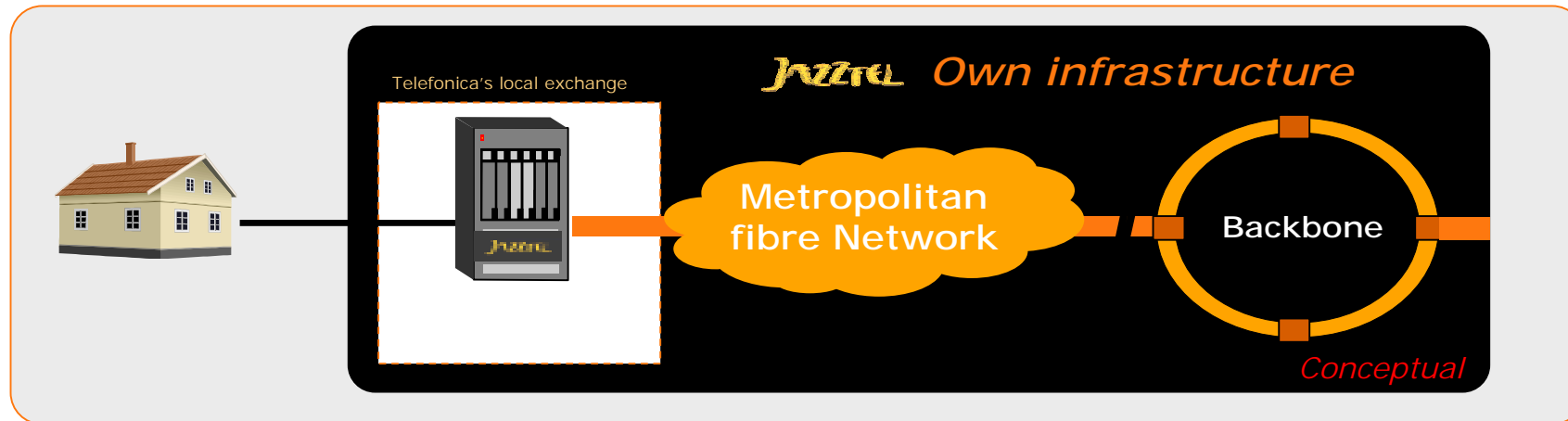
Strong brand recognition

Single bill ("factura única")

Strong growth potential in key market segment



The alternative carrier with the best network infrastructure in Spain



JAZZTEL's network

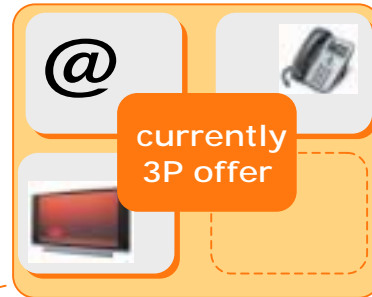
- Backbone km.: 21.569
- Local access km.: 4.101
- ULL local exchanges: 530
- ULL local exchanges connected with fibre: 436

Allowing JAZZTEL to:

- Offer innovative services
- Ensure operational efficiency
- Most extensive alternative operator coverage (over 12 million lines)
- Reduced network costs
- Capacity to fulfil long term business plan
- Headroom for Profitability



Strong product portfolio



adsl 20
con tecnología ADSL2+
4,95 €/mes
+ llamadas a fijos y móviles
+ JAZZTEL tv
+ 2 películas de VIDEOCLUB
Router Wifi GRATIS para Altas On Line
CONÓCELO

- Most competitive 20Mg, ADSL2+ offer in the market
- TV and VOD since 2006
- Sole provider of all services in a single bill



The most competitive offer



JAZZTEL is currently one of the most competitive service provider of double and triple play services in Europe



Advantages for the customer

- Convenience for the customer, all services, including line rental, supplied & billed by a single operator
- Customers achieve better over all price for more value

Advantages for JAZZTEL

- JAZZTEL increases its ARPU per customer by €12,95/month
- Reduced churn
- Increased margins



JAZZTEL's triple play single bill customer base and expertise is a strong platform for quadruple play



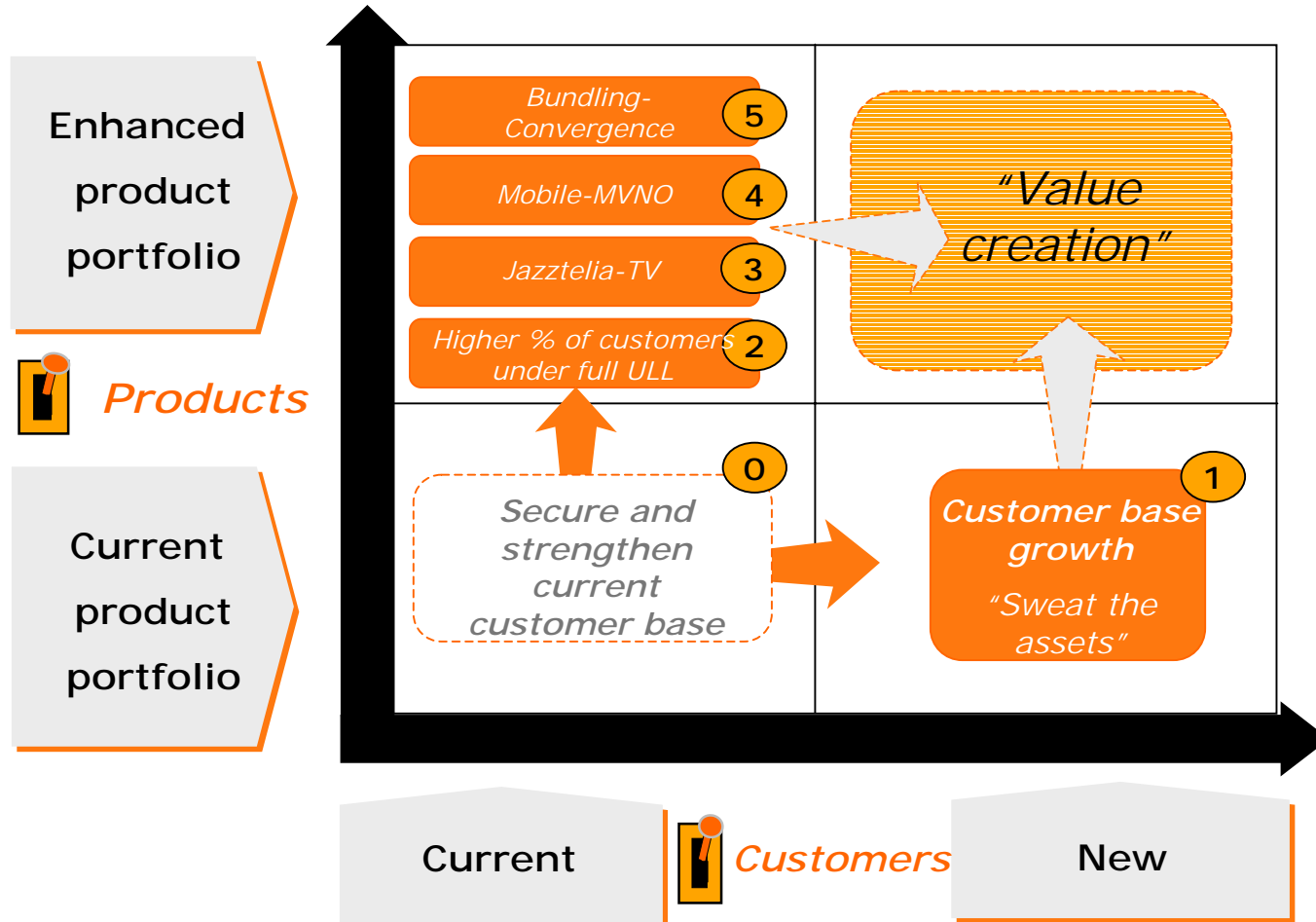
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Growth road map and new challenges





Secure and strengthen customer base ⁰

- JAZZTEL current priority is to continue working on improving its service quality

Customer base growth ¹

- Quality of service
- Growth of product portfolio
- Full ULL coverage
- ..to "sweat the assets"

Higher % of customers on FULL ULL ²

- JAZZTEL continues focusing on its single bill product
- Product strategy focused on ULL, maintaining our % of full ULL customers



Jazztelia TV 3

- JAZZTEL continue improving its IPTV and VoD offering

Mobile - MVNO 4

- JAZZTEL is actively seeking completion of agreements to provide mobile services
- Mobile is a strong complement and value proposition to our ADSL2+ single bill customers
- Customer retention and growth
- Adopt partnering approach to ensure effective launch and minimize resources utilization

Bundling - Convergence 5

- High value multi-service proposition to customer
- Optimize customer acquisition cost
- Increase ARPU
- Maximize asset utilization, "sweat the assets"

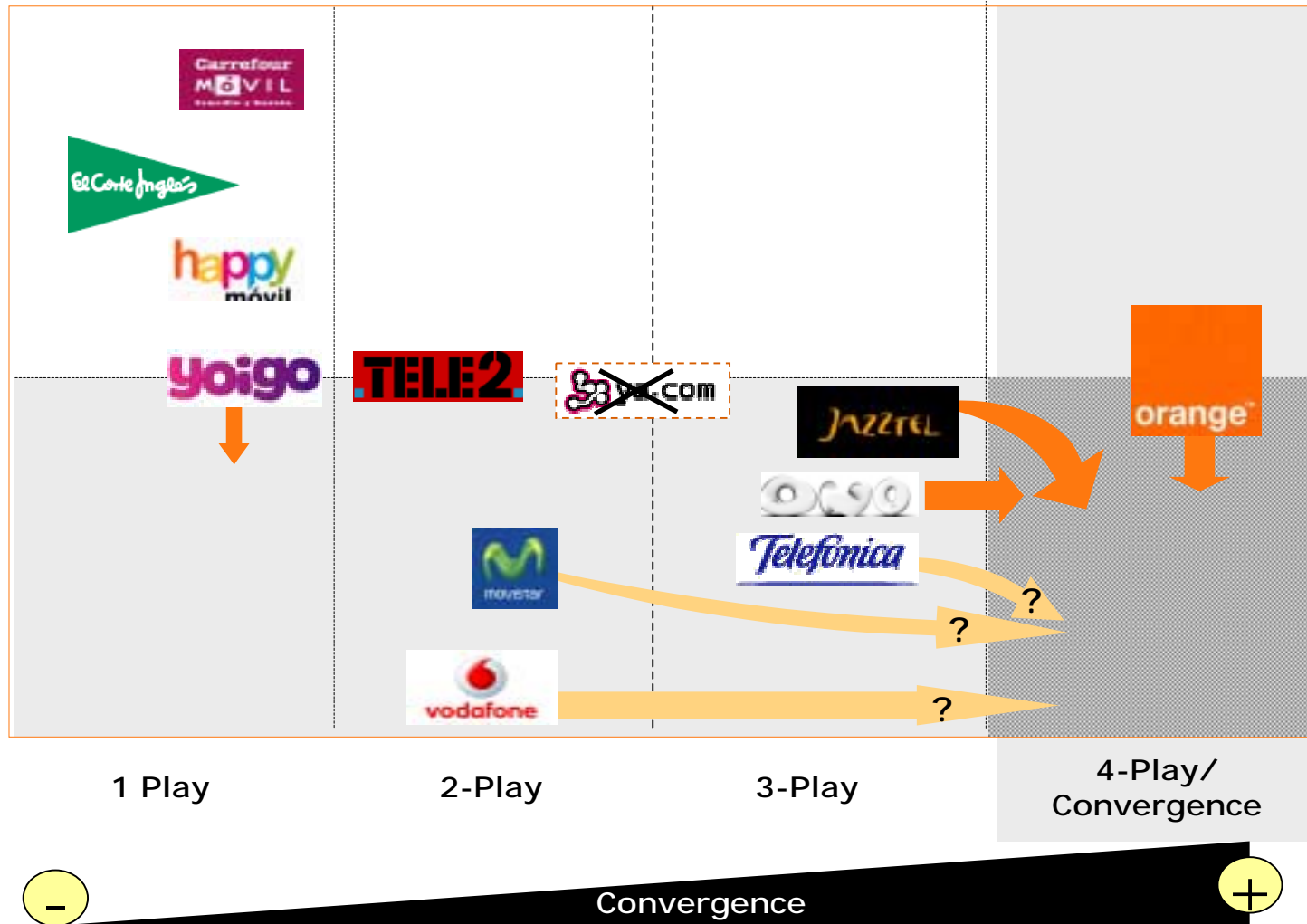


JAZZTEL 's convergence positioning

JAZZTEL

Operators without own infrastructure

Operators with own infrastructure



In a market moving towards convergence, JAZZTEL is moving with the market



JAZZTEL

Thank You