

The logo for Jazztel, featuring the word "JAZZTEL" in a bold, black, stylized script font. The letters are thick and have a slightly irregular, hand-drawn appearance. The background of the slide is a grid of squares in various shades of orange and brown, with a white rectangular area behind the logo.

# JAZZTEL

**3<sup>rd</sup> quarter 2002 results  
announcement**

**November 7<sup>th</sup>, 2002**

Certain statements in this conference call are forward-looking and are subject to material risks and uncertainties. Actual results could differ materially from those stated or implied by such forward-looking statements due to risks and uncertainties associated with Jazztel's business, which include among others, competitive developments, risks associated with the Company's growth, the development of the Company's markets, regulatory risks, dependence on its major customers and their spending patterns and other risks which are presented in the Company's filings with the Securities and Exchange Commission and certain European regulatory authorities.

# Contents of the Presentation

Restructuring Overview

3Q Results Overview

# Summary of Latest Developments in the Recapitalization Process

- On October 24<sup>th</sup> and October 30<sup>th</sup>, the UK and US Courts, respectively, approved the recapitalisation plan on the terms approved by Jazztel's bondholders and shareholders. Euro 668 million of Senior Notes will be cancelled and exchanged for approximately 457 million of new ordinary shares and Euro 75 million of new convertible notes.
- On November 5<sup>th</sup>, the final documentation relating to the amendment of Jazztel's syndicated loan facility for a total of Euro 54,5 million was signed. The new facility includes the restating of a facility pursuant to which performance bonds in the amount of Euro 24,5 million and a Euro 30 million credit line. Both tranches are currently fully utilised.
- On November 6<sup>th</sup>, Jazztel's Board of Directors passed the resolutions required to issue the 457 million of new ordinary shares and Euro 75 million of new convertible notes.
- Final implementation of the Recapitalisation remains subject to admission for listing of the newly issued ordinary shares and convertible notes by the Spanish Authorities. The conversations with the CNMV suggest that such admission should be granted during the month of November. It is also intended that the newly issued ordinary shares will be listed on NASDAQ Europe.

# Board and Management Changes

- Martin Varsavsky, the Company's founder, has voluntarily decided to step down as Chairman of the Board. Mr. Varsavsky is the only remaining initial investor that has not sold any of his shares, and has remained the largest shareholder until the restructuring. Post restructuring, Mr Varsavsky's stake will be diluted to approximately 2%.
- Mr. Varsavsky will be substituted by Massimo Prezz Oltramonti. Mr Prezz has been a member of Jazztel Board since 1998, initially representing Advent International, and lately as an Independent Director.
- Other important changes at the Board are the exit of Alfredo Pastor and Miguel Salis, and the appointment of Bill Collatos. Mr. Collatos served previously as Director to Jazztel from 1998 to 2001. Mr. Salis will resign from his position as CFO and Board Member of Jazztel effective at the next General Shareholders Meeting expected to take place before the end of the year. Upon termination of his day-to-day responsibilities with Jazztel, Mr. Salis will remain involved with the company as a Senior Advisor to the Board of Directors on financial and strategic issues related to the expected consolidation of the sector in Spain.

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# Financial Highlights

- As anticipated, third quarter shows a strong seasonal effect on revenues. Third quarter revenues amounted to Euro 52,2 million compared to Euro 56,6 million in the previous quarter, representing a 7,8% decrease . Compared to the third quarter of 2001, revenues decreased by 11,5% from Euro 59,0 million.
- Direct access revenues amounted to Euro 13,7 million decreasing 2,8% from Euro 14,1 million in the previous quarter. Compared with same period of 2001, revenues increased 1,5% from Euro 13,5 million.
- Indirect access revenues decreased to Euro 20,8 million, or 5,5% from Euro 22,0 million in the second quarter of 2002. Compared to the third quarter of 2001, indirect access revenues decreased 18,8% from Euro 25,6 million.
- Gross Margin as a percentage of revenues was 38,7% slightly better than the previous quarter and improving from 28,0% in the same quarter of 2001.
- Adjusted EBITDA improved by 44,5% or Euro 6,1 million, from negative Euro 13,7 million in the second quarter of 2002 to negative Euro 7,6 million in the third quarter of 2002. As a percentage of revenues, adjusted EBITDA improved from negative 24,2% in the second quarter of 2002 to negative 14,6% in the third quarter of this year. Adjusted EBITDA came down 56,6% from the same quarter of 2001 from negative 33,6%.

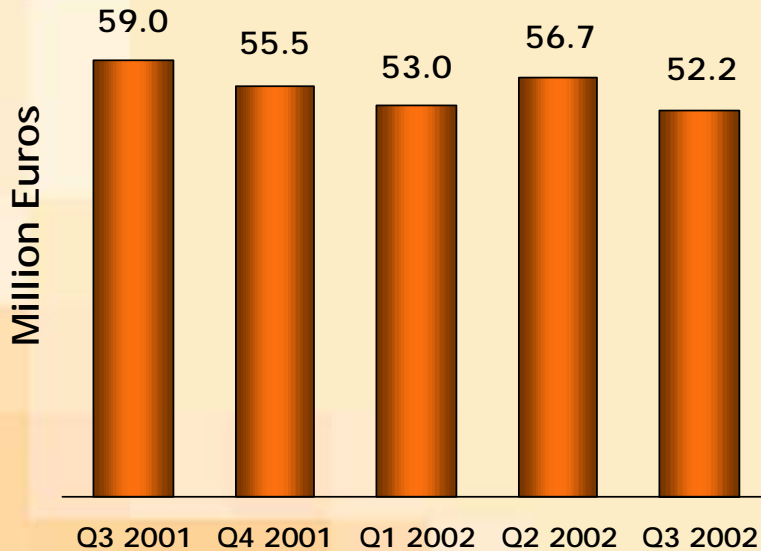
# Operational Highlights

- Total traffic on the Jazztel network amounted to 756 million minutes in the third quarter of 2002, a 2,9% decrease over the same period of 2001. Total traffic decreased 15,1% compared to the second quarter of 2002.
- Total direct access sites contracted reached 2.980 by the end of the third quarter of 2002, a 2,5% increase from the 2.907 contracted customers at the end of the previous quarter. This represents a total of 73 new direct access sites contracted during third quarter 2002, compared with 170 in the previous quarter. The perceived growth slowdown in contracted sites is caused by the migration to indirect access of 136 sites in Portugal due to our fast payback strategy. Excluding this effect, direct access contracted sites increased by 209 sites compared with 170 in the previous quarter.
- The number of direct access provisioned sites at September 30<sup>th</sup>, 2002 increased by 4,1% to 2.695, up from 2.589 in the previous quarter.
- In indirect access, Jazztel has managed to significantly reverse the downward trend in preselected customers. The number of preselected lines grew 5% in the third quarter of 2002 over the second quarter of 2002.
- A strong growth took place in xDSL services with contracts signed growing from 102 customers at the end of the second quarter of 2002 to 342 at the end of the third quarter of 2002 (134% increase). The number of provisioned xDSL sites climbed from 15 in the previous quarter to 143 sites in the third quarter of 2002.

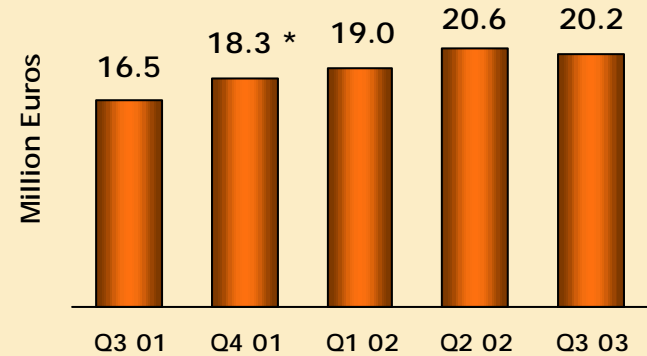


# Top Line Results

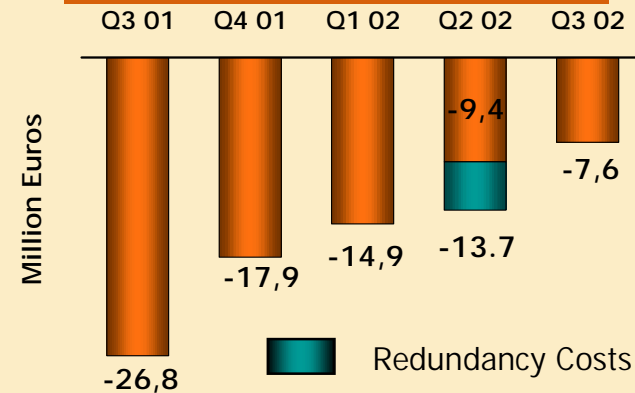
## Revenues



## Gross margin



## EBITDA



\* Gross margin calculation for the quarter excludes the positive impact of a one time-consolidation adjustment of Euro 4.9 million.

Adjusted EBITDA calculation excludes the impact of a one time-consolidation adjustment of Euro 5.2 million.

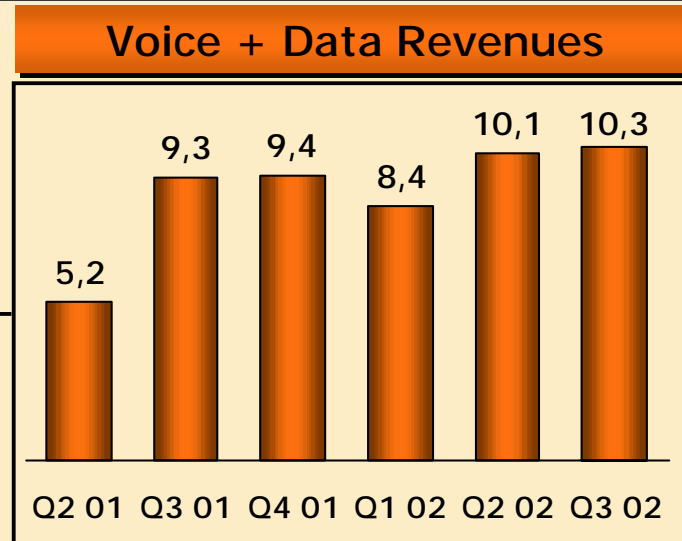
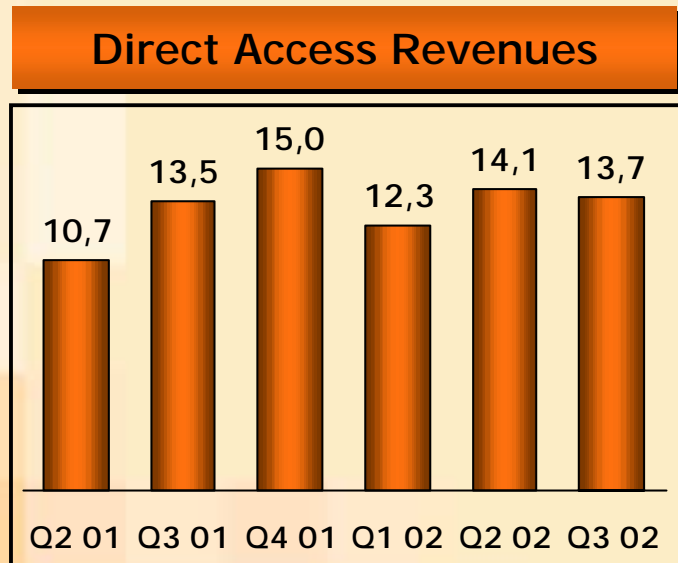
\*\* Second Quarter EBITDA losses excluding Redundancy Costs of Euro 4.3 million.

# Direct Access Key Issues

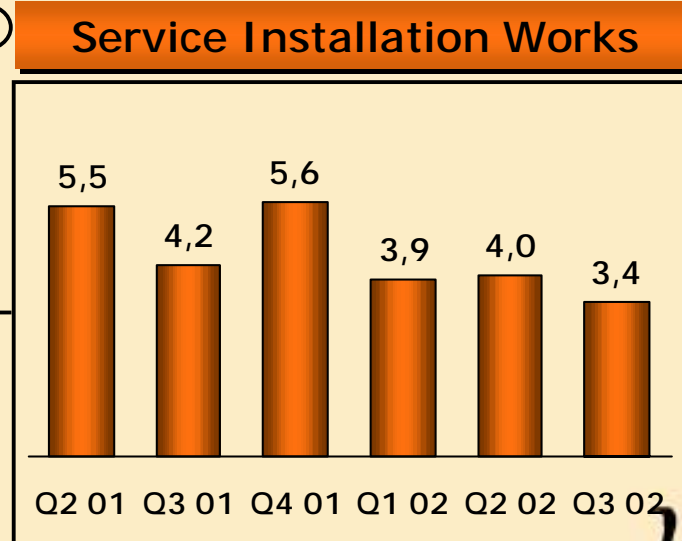
- Overall recovery in revenues, but growth still affected by:
  - the debt restructuring process
  - rigorous selection in new customer contracts due to cash burn considerations.
  - weakness in direct access service installation works
  - seasonality/holiday season impact
- Very encouraging evolution in VPNs and xDSL connections provides good growth prospects in the long term.

# Direct Access Revenue Evolution

€m

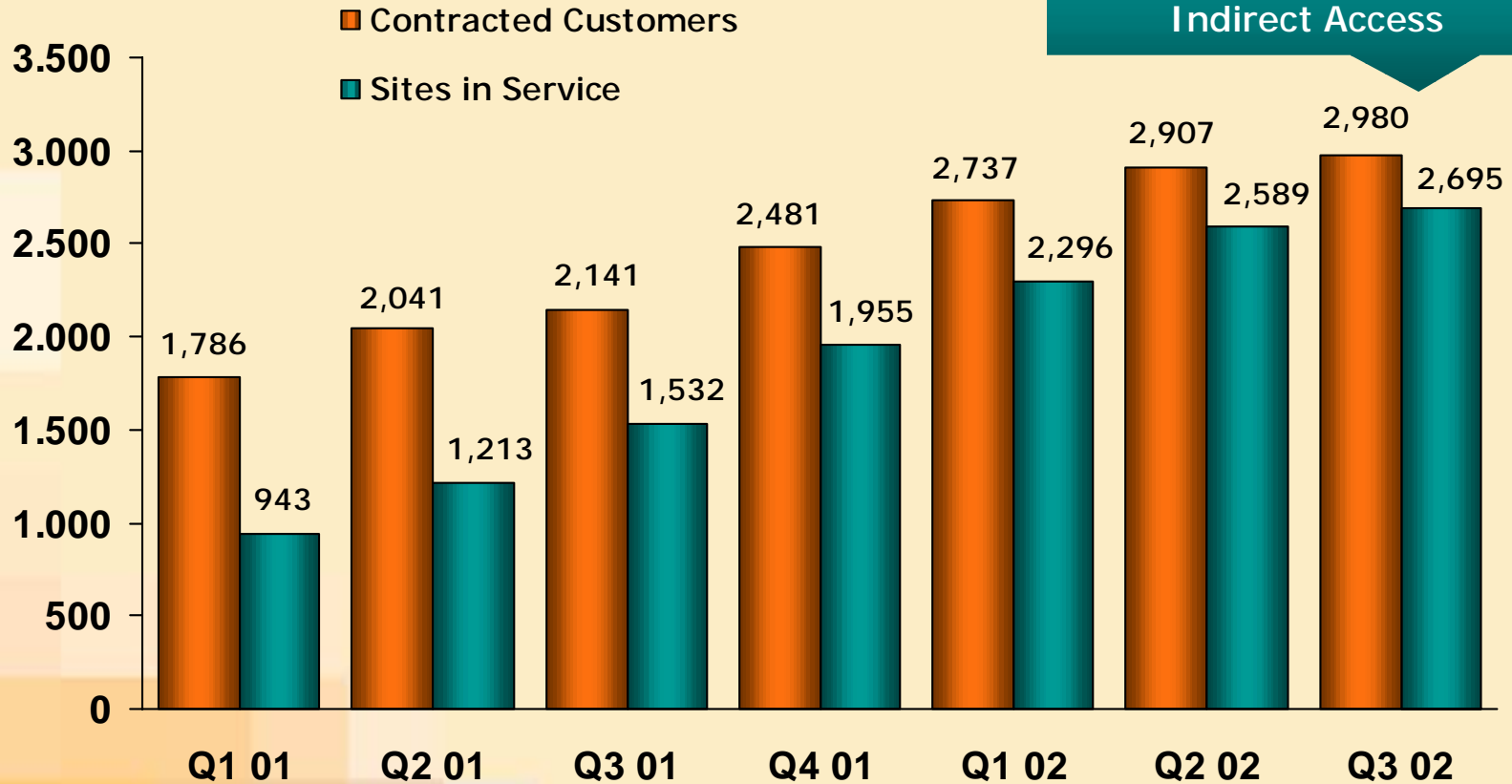


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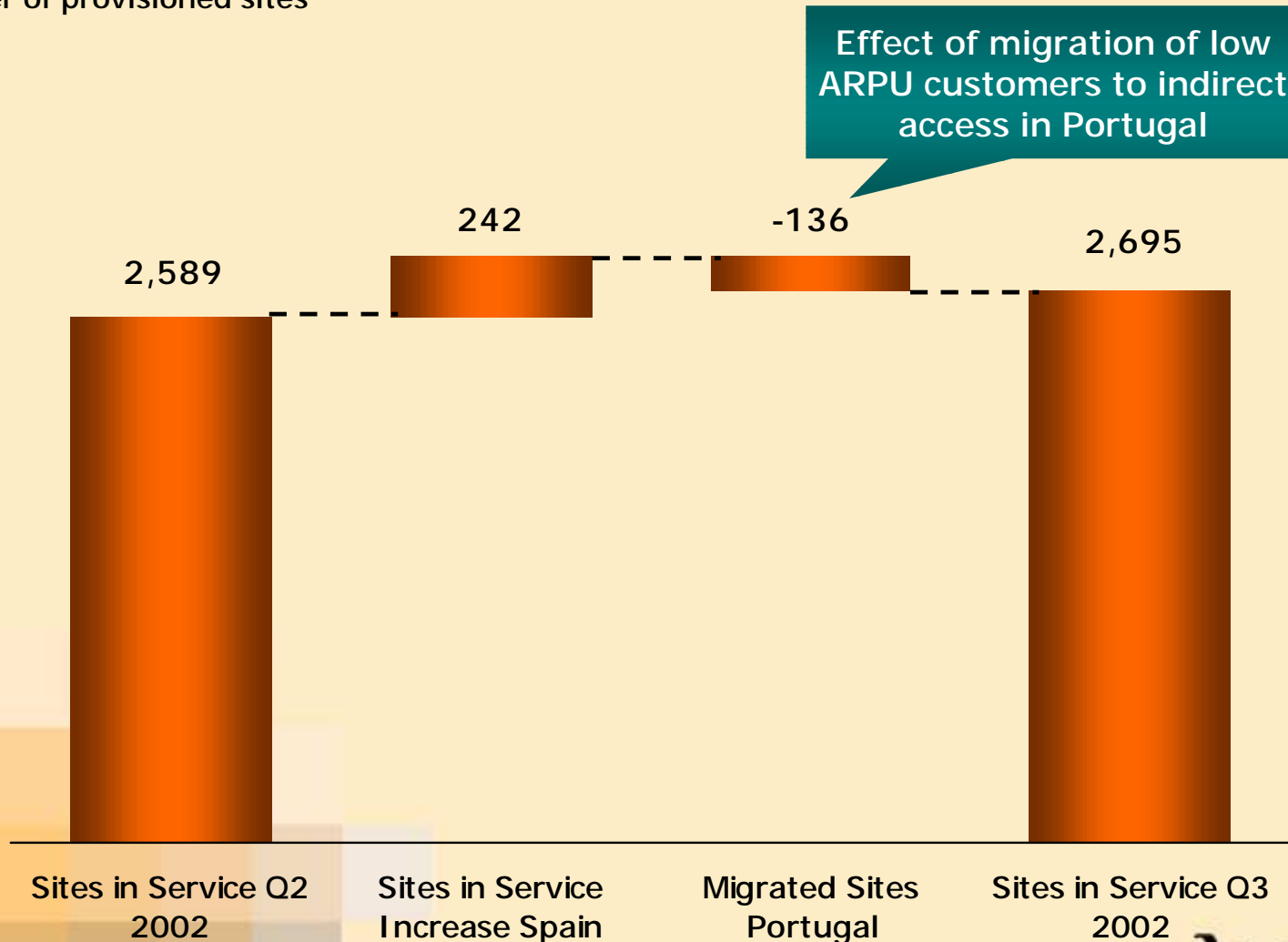
# Direct Access Customer Take-Up

Impact of migrations in Portugal from Direct to Indirect Access



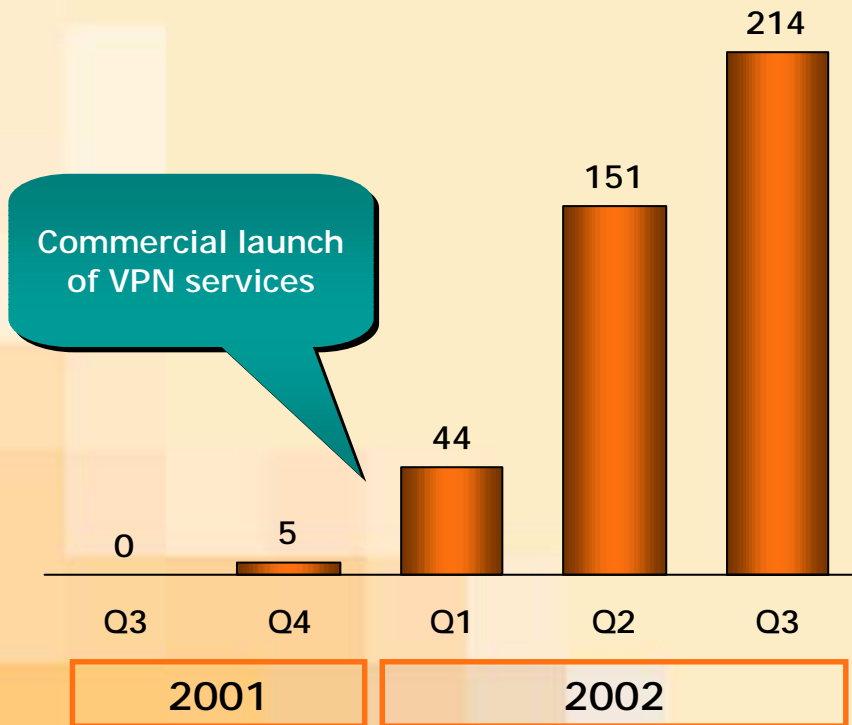
# Sites in Service Breakdown by Market

Number of provisioned sites

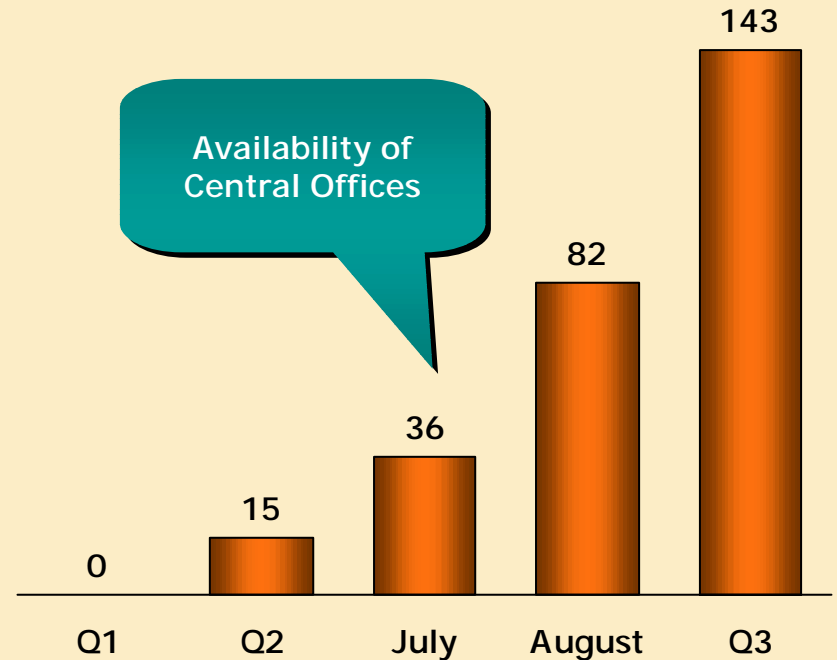


# Evolution of New Products and Technologies in Direct Access

## Number of VPN Services



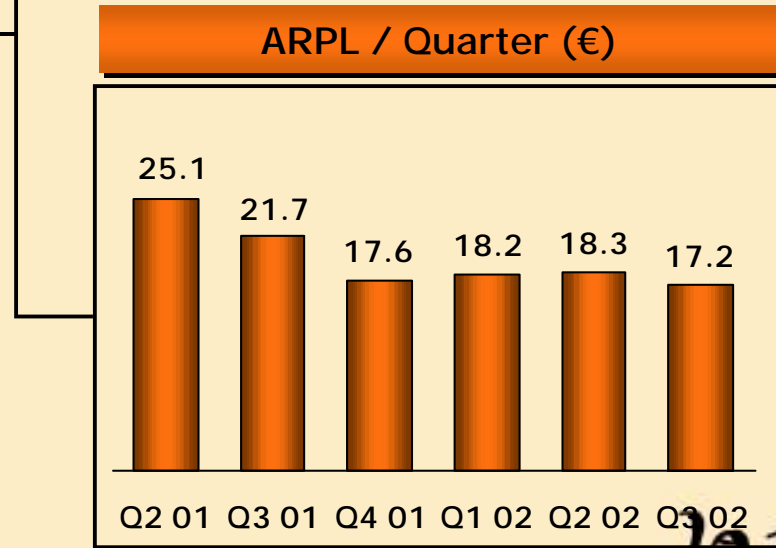
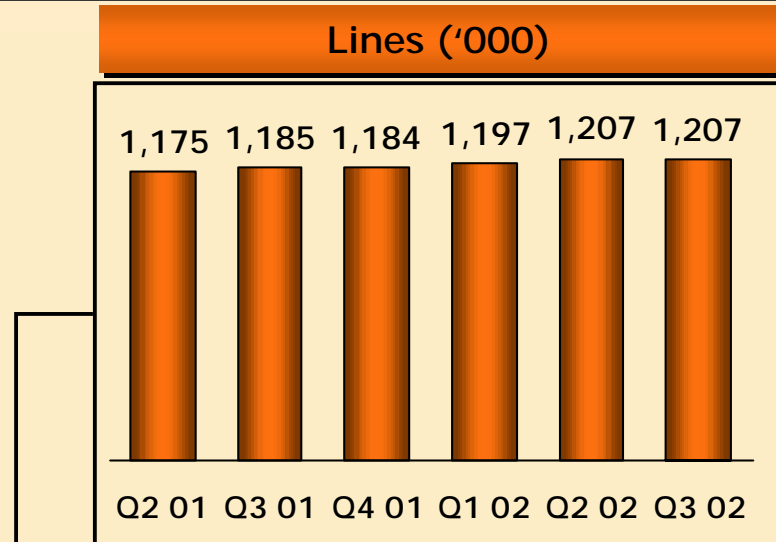
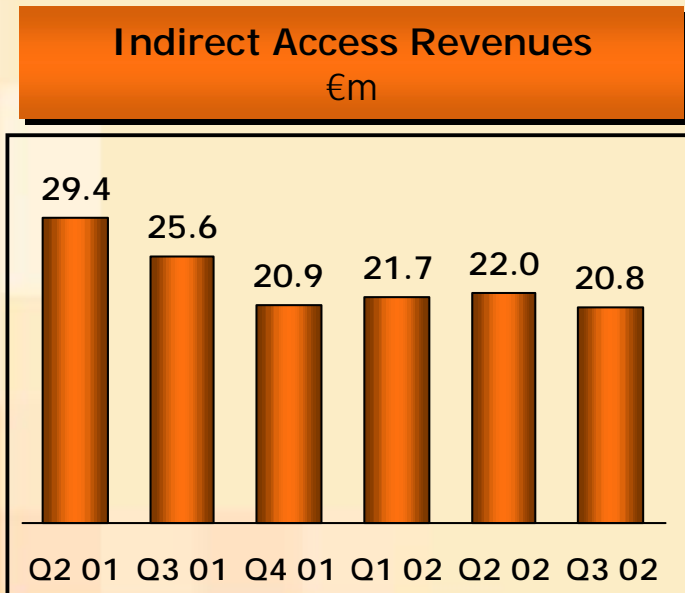
## Number of xDSL provisioned sites



# Indirect Access Key Issues

- Although the operating environment remains tough, the business has stabilized and growth in the next quarters is expected.
- New regulatory package regarding interconnect and pre-selection launched by the government recently potentially increases attractiveness of the indirect access business segment in the medium term.
- Actions taken to reinvigorate the dealer distribution channel and the launch of a new advertising campaign taken in the previous quarter have clearly impacted positively in growth in customers and ARPUs.

# Indirect Access Revenue Evolution

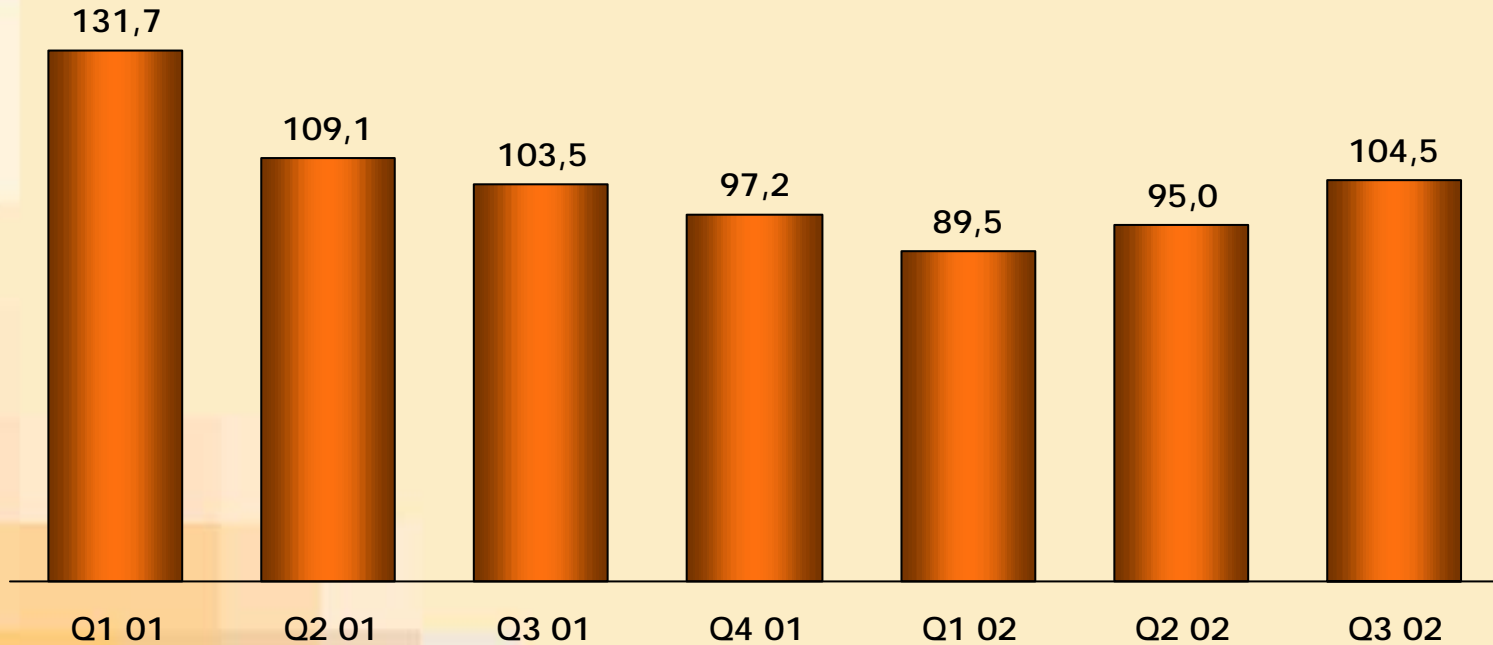




# Pre-selected lines evolution - Spain

Thousands of lines

Pre-selected Line Evolution by Quarter - Spain



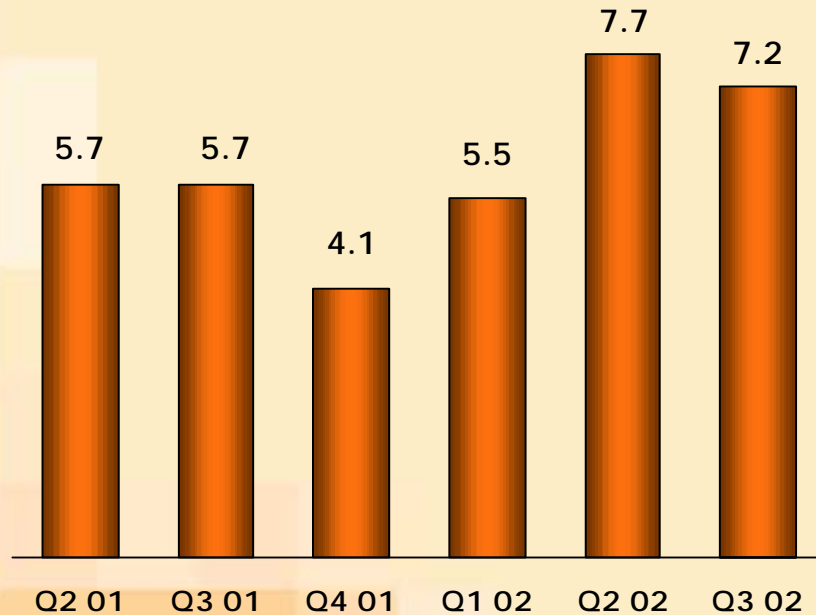
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# Carrier Services Key Issues

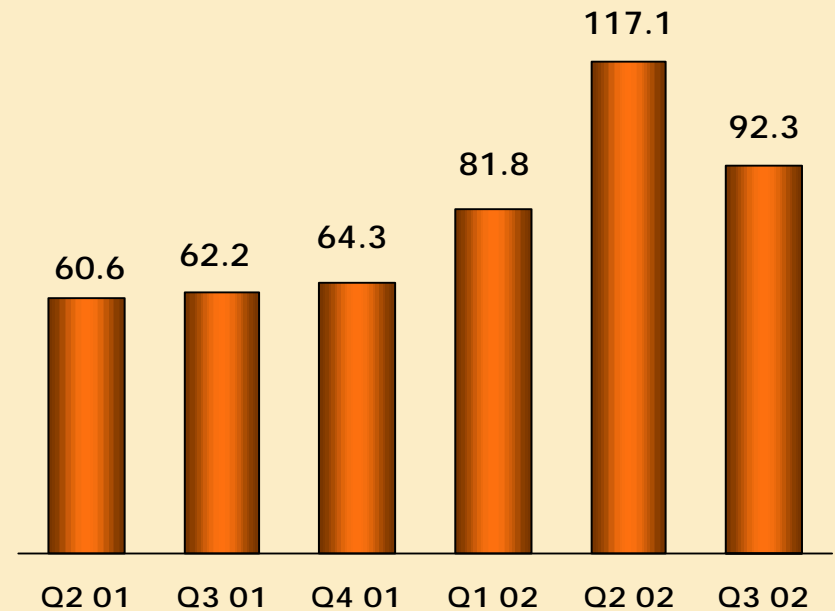
- Solid performance, characterised by
  - (a) steady growth in revenues
  - (b) shift to higher quality clients
  - (c) focus on profitability
- Capacity interconnect regime potentially improves economics further in the medium term

# Carrier Services Revenues

Quarterly Revenue Evolution  
€ Million



Quarterly Traffic Evolution  
Million minutes



Average  
tariff  
cent /  
min

9.4

9.2

6.4

6.7

6.6

7.8

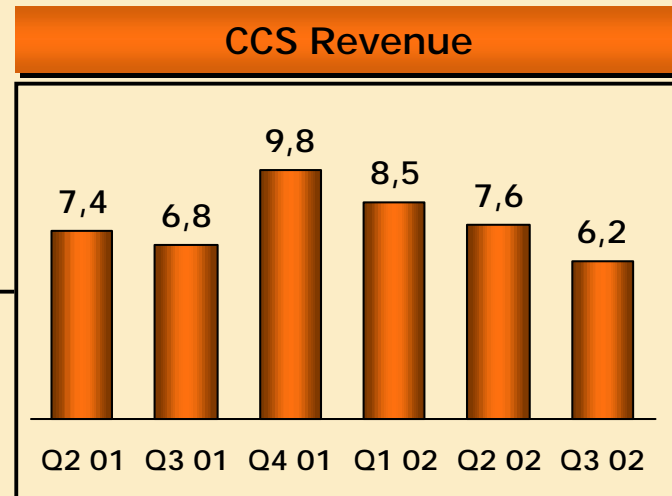
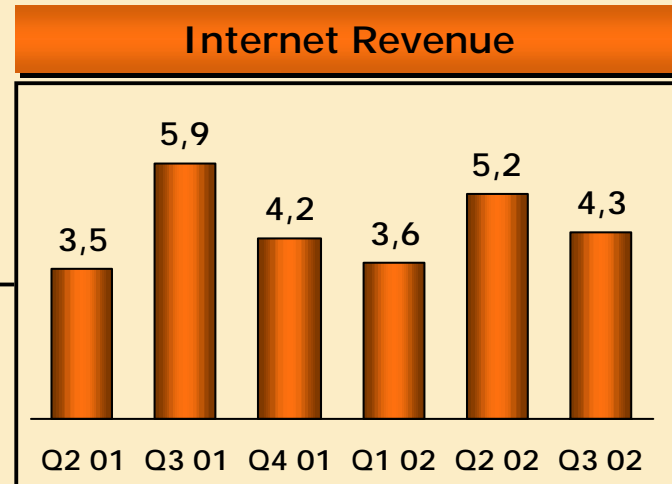
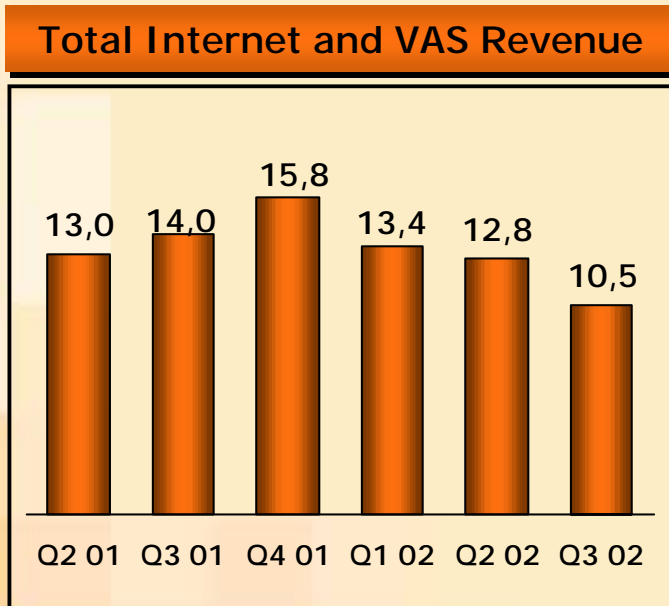
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# Internet and VAS Key Issues

- Internet services suffering from current Internet market situation
  - Hosting and Housing services are still very small
- CCS performance currently affected by weak IT market evolution
- Excluding CCS, no major growth expected from this business line

# Internet and VAS

€m



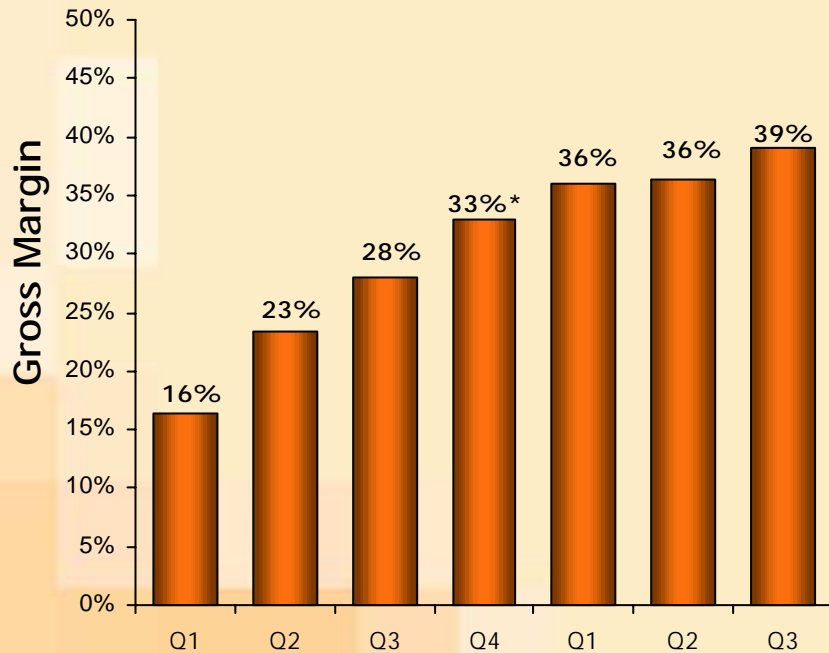
# P&L Comparison

Million Euros	Q3 2001	Q2 2001	Q3 2002
Revenues	59.0	56.6	52.2
Cost of Sales	(42.5)	(36.0)	(32.1)
Gross Margin	16.5	20.6	20.2
<i>as % of sales</i>	28.0%	36.4%	38.7%
SG&A	(36.3)	(34.3)	(27.8)
EBITDA	(19.8)	(13.7)	(7.6)
<i>as % of sales</i>	-33.6%	-24.2%	-14.6%
EBITDA (excl. Restructuring costs)	(19.8)	(9.4)	(7.6)
<i>as % of sales</i>	-33.6%	-16.6%	-14.6%
CAPEX	(59.3)	(14.3)	(8.3)
<i>as % of sales</i>	100.5%	25.3%	15.9%

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# Margin Evolution

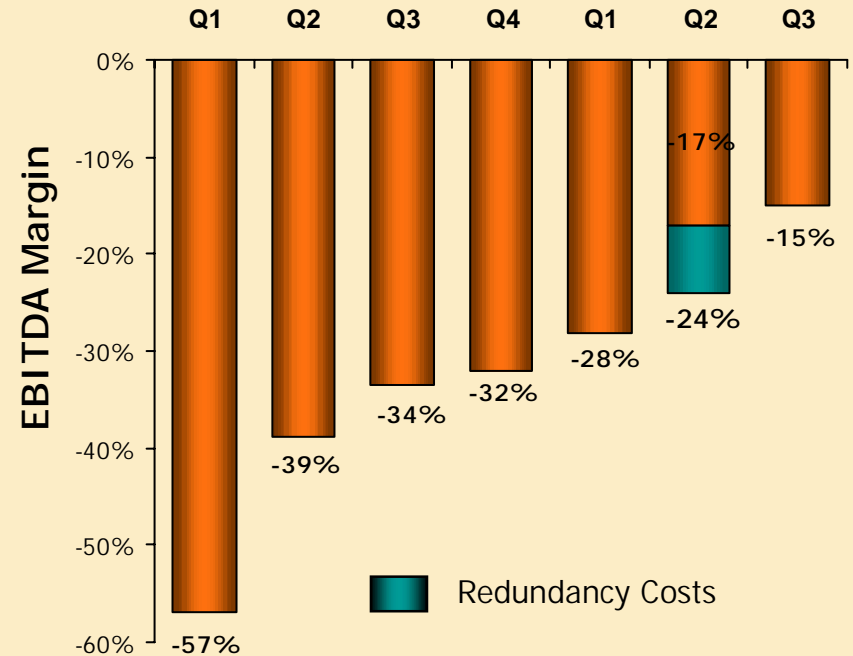
## Gross Margin as % of Sales



2001

2002

## EBITDA Margin as % of Sales



2001

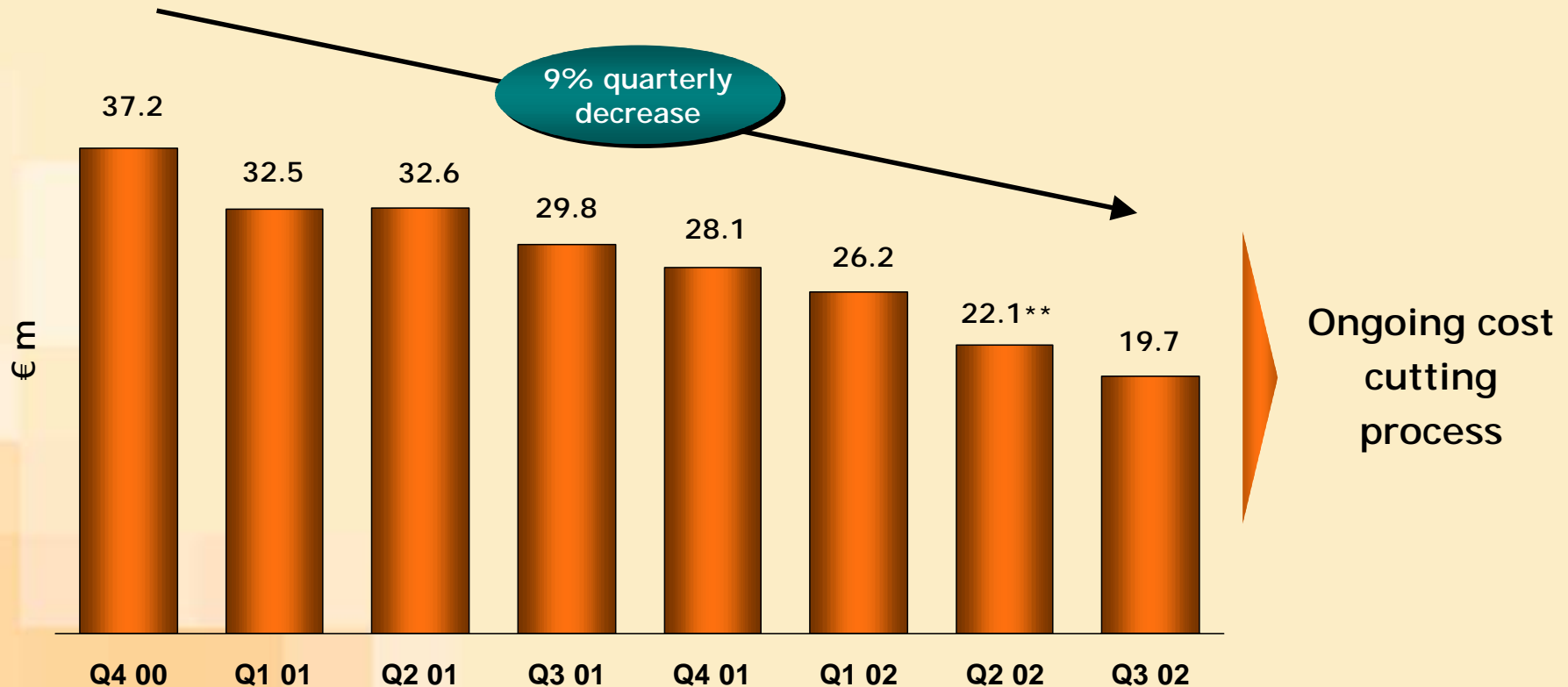
2002

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\*\* Second Quarter EBITDA losses excluding Redundancy Costs of Euro 4.3 million.

# Focus on Profitability and Cost Control

Telecom Business\* SG&A costs

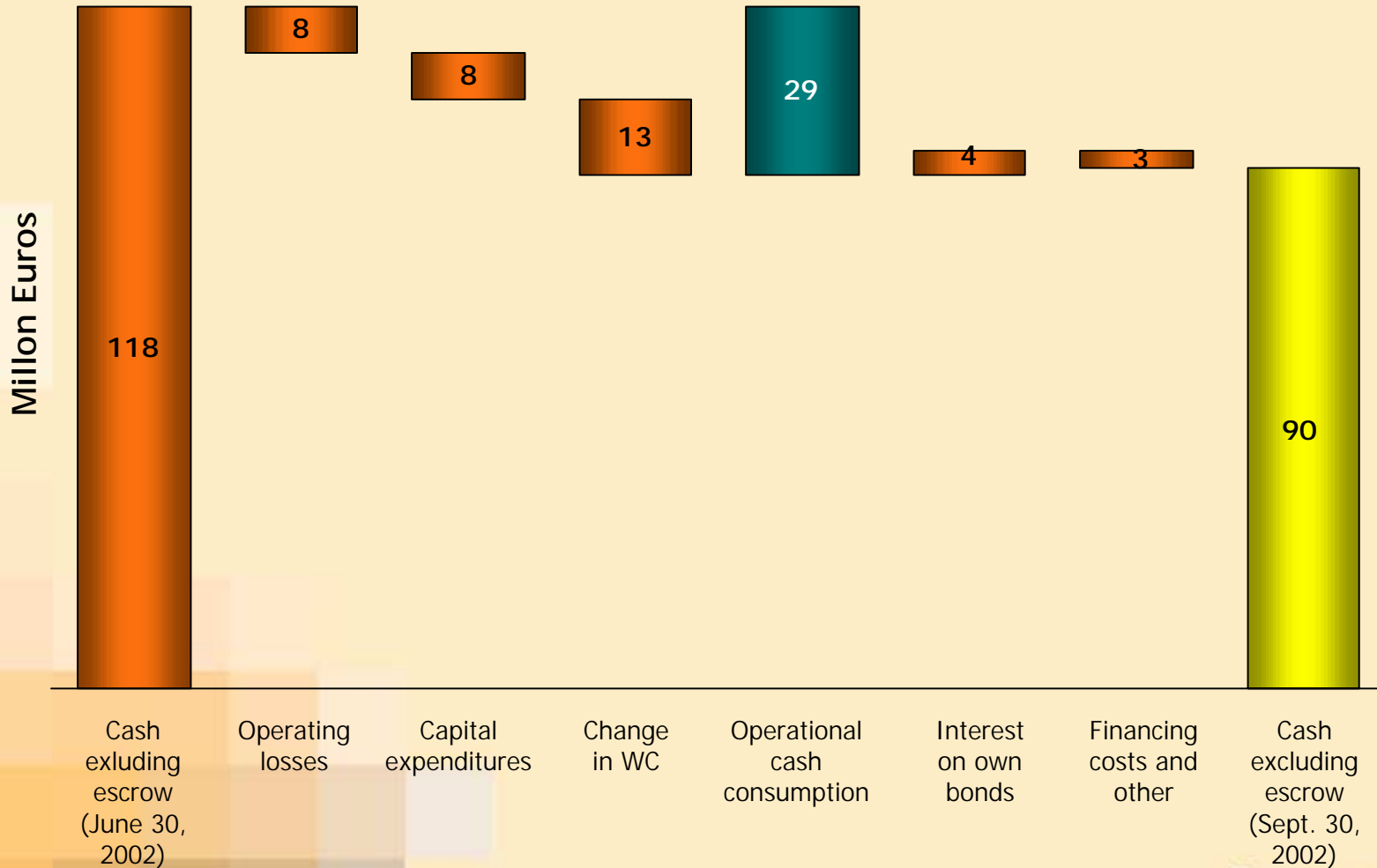


\* Excluding non-cash accounting charges, Adatel and CCS

\*\* Does not include restructuring cost of €4.3m



# Cash Burn of the Quarter



# Current Cash Position

September 30<sup>th</sup> 2002; €m

