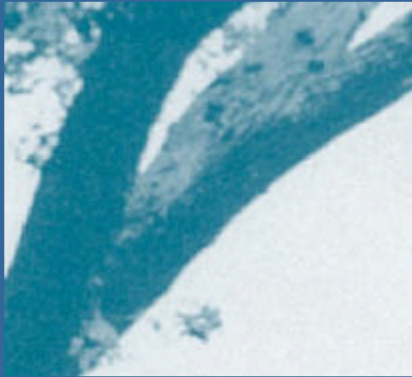


Eduardo  
Caride  
CEO  
Emergia



M a r c h  
2 0 0 1  
Rio de Janeiro



## Safe Harbor

This presentation contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this presentation and include statements regarding the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activities and situation relating to the Company .

Such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward looking

Analysts are cautioned not to place undue reliance on those forward looking statements, which speak only as of the date of this presentation. undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect events and circumstances after the date of this presentation, including, 's business or acquisition strategy or to reflect the occurrence of unanticipated events. Analysts and investors are encouraged to consult the Company's Annual Report on Form 20-F as well as periodic filings made on Form 6-K, which are on file with the United States Securities and Exchange Commission.

# THE SPECIALIST IN THE AMERICAS

“The Virtuous Cycle”

Commercial Performance

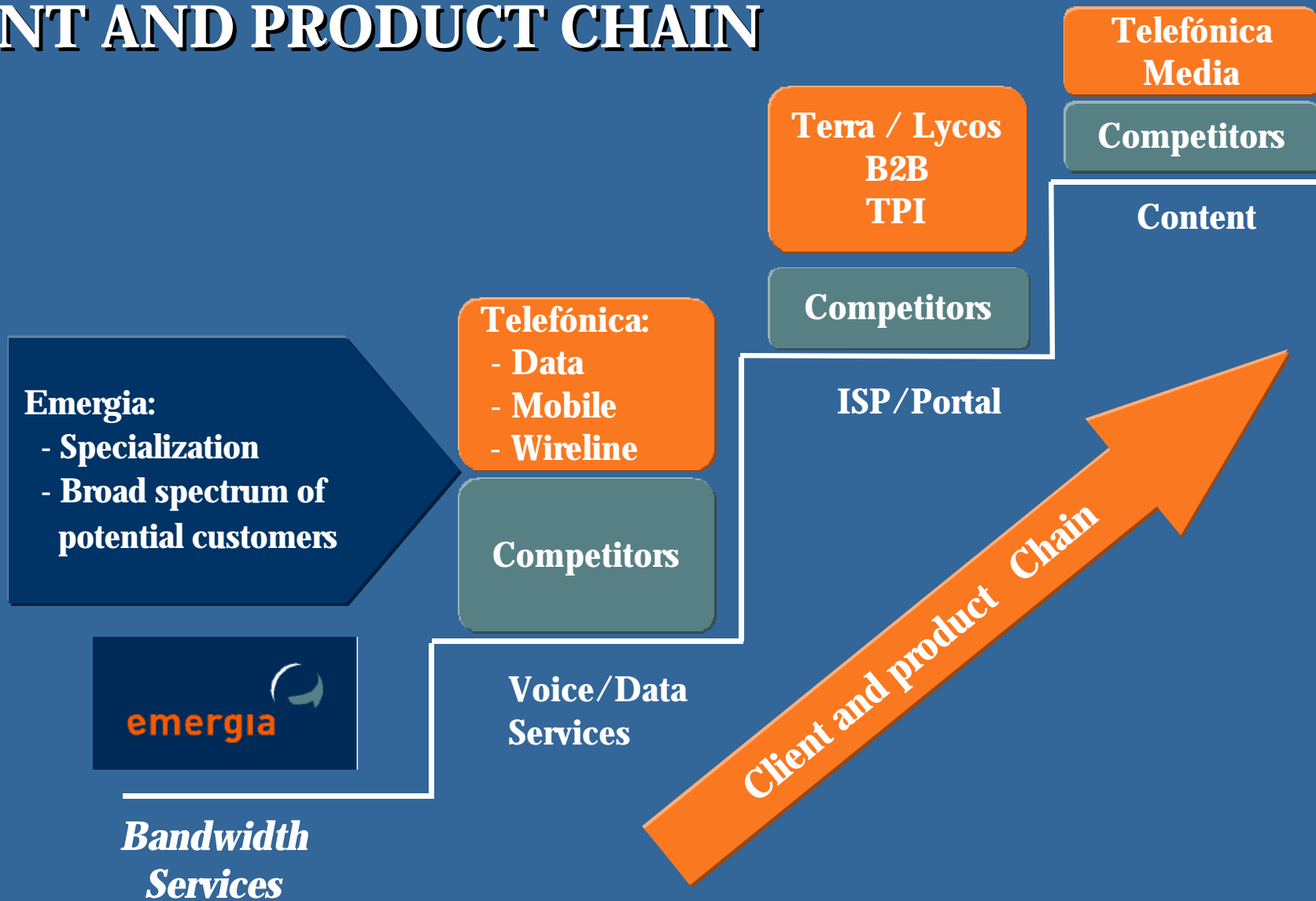
Financial Performance

# MISSION

The specialist in the Americas

- We are a broadband infrastructure services provider
- We offer services to international carriers, Internet service providers, and other communications-intensive
- We coordinate demand and offer from 's

# CLIENT AND PRODUCT CHAIN

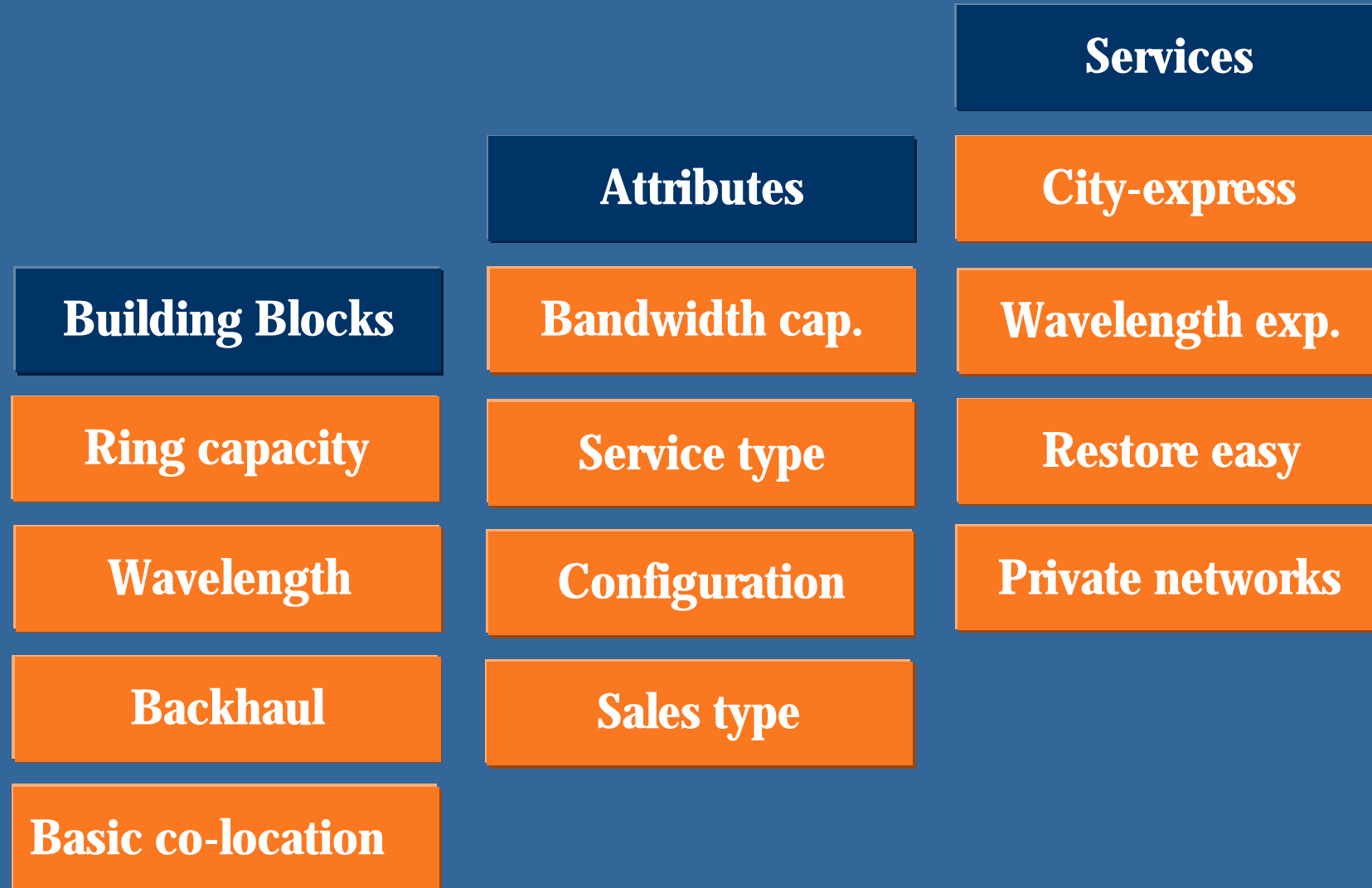


# NETWORK

- €1.3 bn capex
- 
- 25,000 km network
- 10 cities in 7 countries
- Ready for Service in March, 2001



# PRODUCTS & SERVICES



# EMERGIA'S COMPETITIVE ADVANTAGES

The specialist in the Americas

- **Telefónica's leading position**
- **Early mover advantage: Marginal cost of duplicating**
- **Technologically advanced high-capacity network**
- **City-to-city connectivity**
- **Commercial partner**



# BENEFITS FOR TELEFONICA

The specialist in the Americas

- **Builds up Telefónica's competitive platform**
- **Secure first-class end-to-end communication**
- **Optimize demand and offer of broadband capacity from**

**The specialist in the Americas**

**“THE VIRTUOUS CYCLE”**

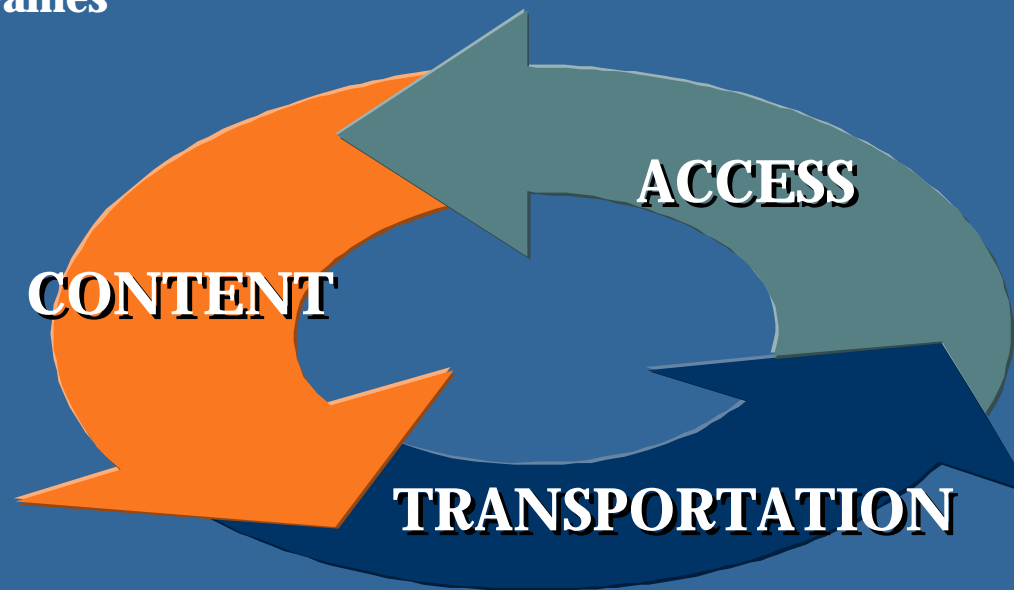
**Commercial Performance**

**Financial Performance**

# MODEL

- **Tele-office: e-mail; Intranet; etc.**
- **E-commerce: B2B; B2C; E-money**
- **Leisure & Entertainment: V.O.D.; Games**

- **Last-mile broadband services network:**
- **Third-generation mobile phones**
- **Prominent increase of Internet use/access equipment: PC; TV**

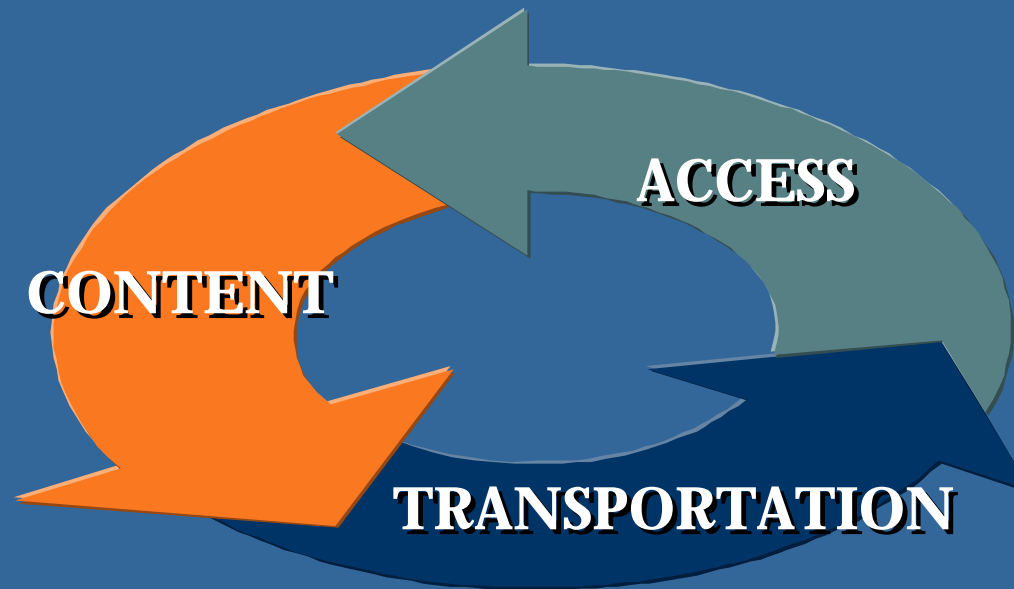


- **Geographic concentration of content**
- **International alliance: media/telecommunications**

# MODEL

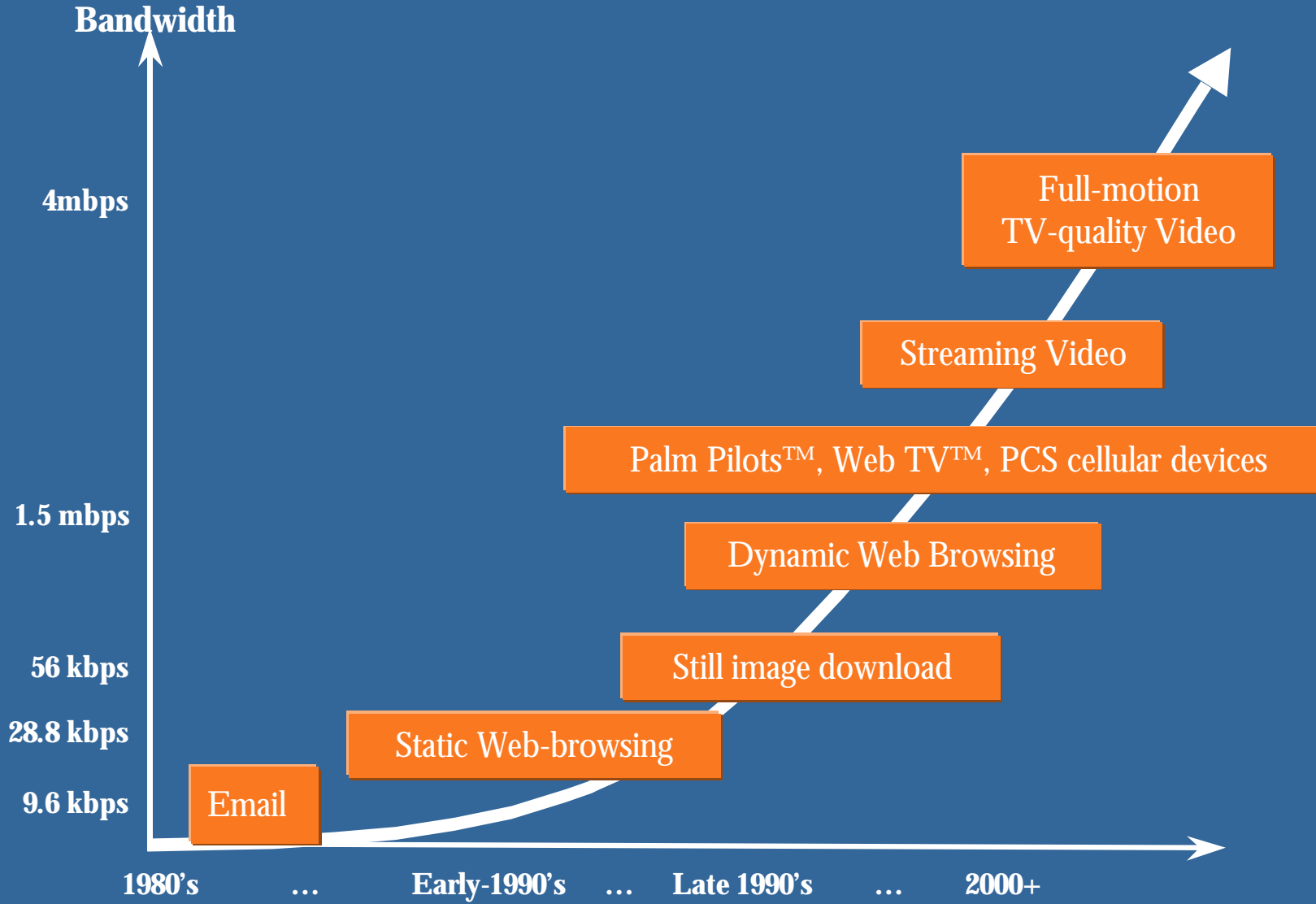
- TPI
- Terra
- Telefónica Media
- B2B

- Telefónica Móviles
- Telefónica Data
- ISPs
- Wireline operators



- EMERGIA
- Telefónica Data
- Wireline operators

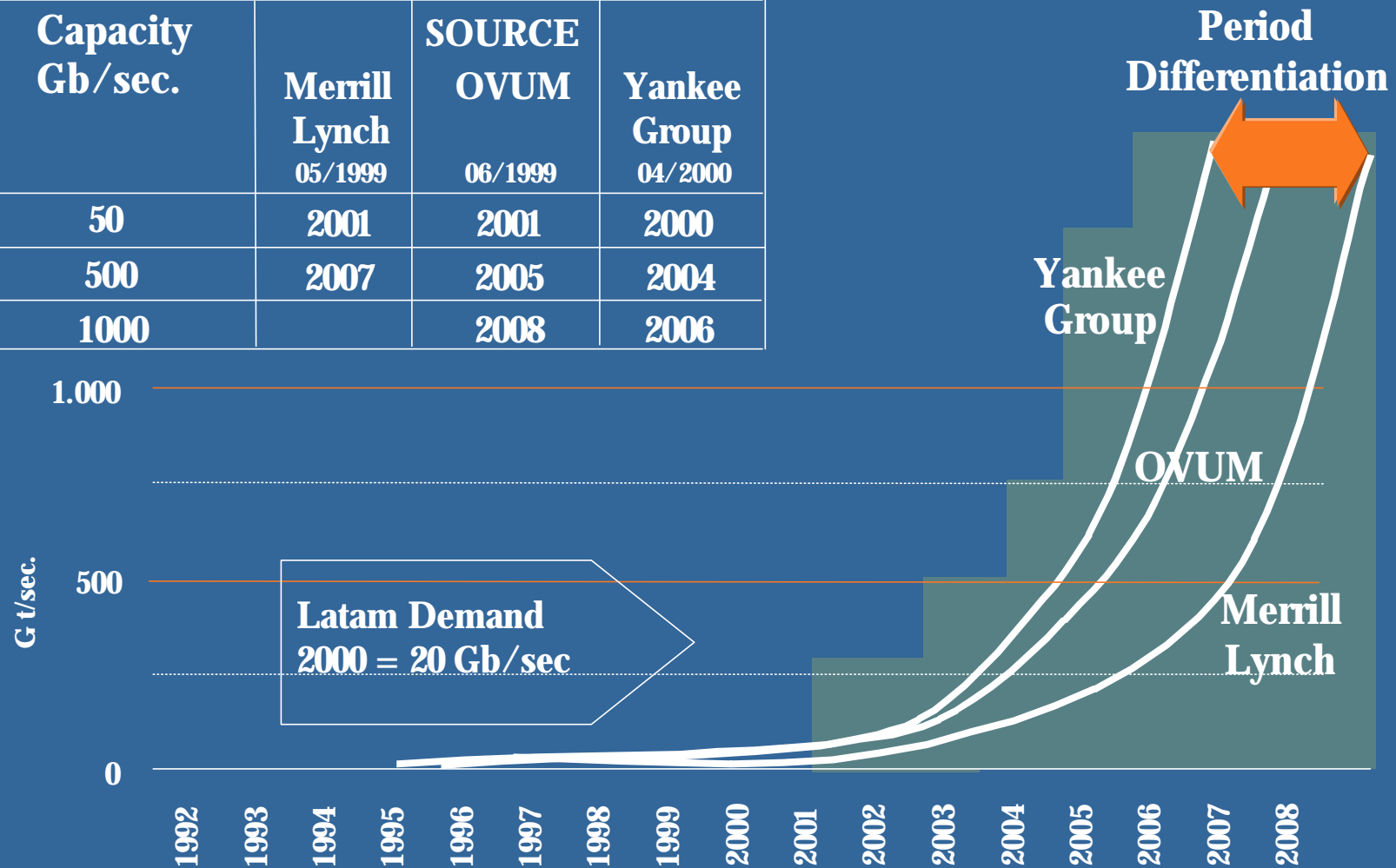
# BROADBAND APPLICATIONS



# LATAM DEMAND FORECAST

Year when target is reached

Capacity Gb/sec.	SOURCE		
	Merrill Lynch 05/1999	OVUM 06/1999	Yankee Group 04/2000
50	2001	2001	2000
500	2007	2005	2004
1000		2008	2006



# BROADBAND DEMAND – ADSL FORECAST

Company / '000	2004E
Telesp	950
TASA	474
CTC	71
Telefónica del Perú	48
<b>Total</b>	<b>1,543</b>

Source: companies' forecasts

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**“The Virtuous Cycle”**



**Commercial Performance**

**Financial Performance**



# ALTERNATIVES

## Growth Strategy

**Capillarity**

**Submarine**

**Backhaul**

**Terrestrial**

**Geography**

**America**

**Global**

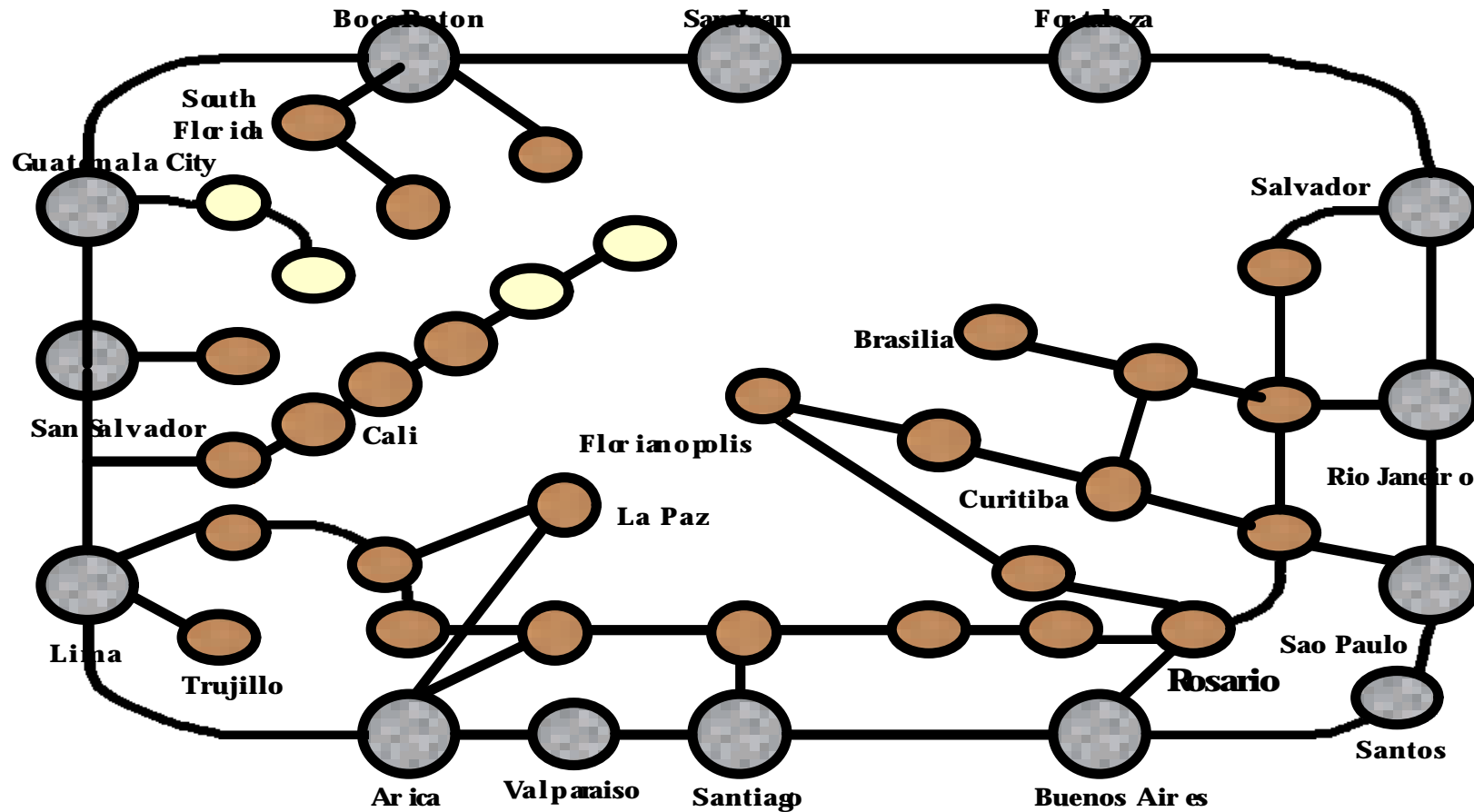
**Services**

**Bandwidth Mgmt. IP Transm.**

**Value added**

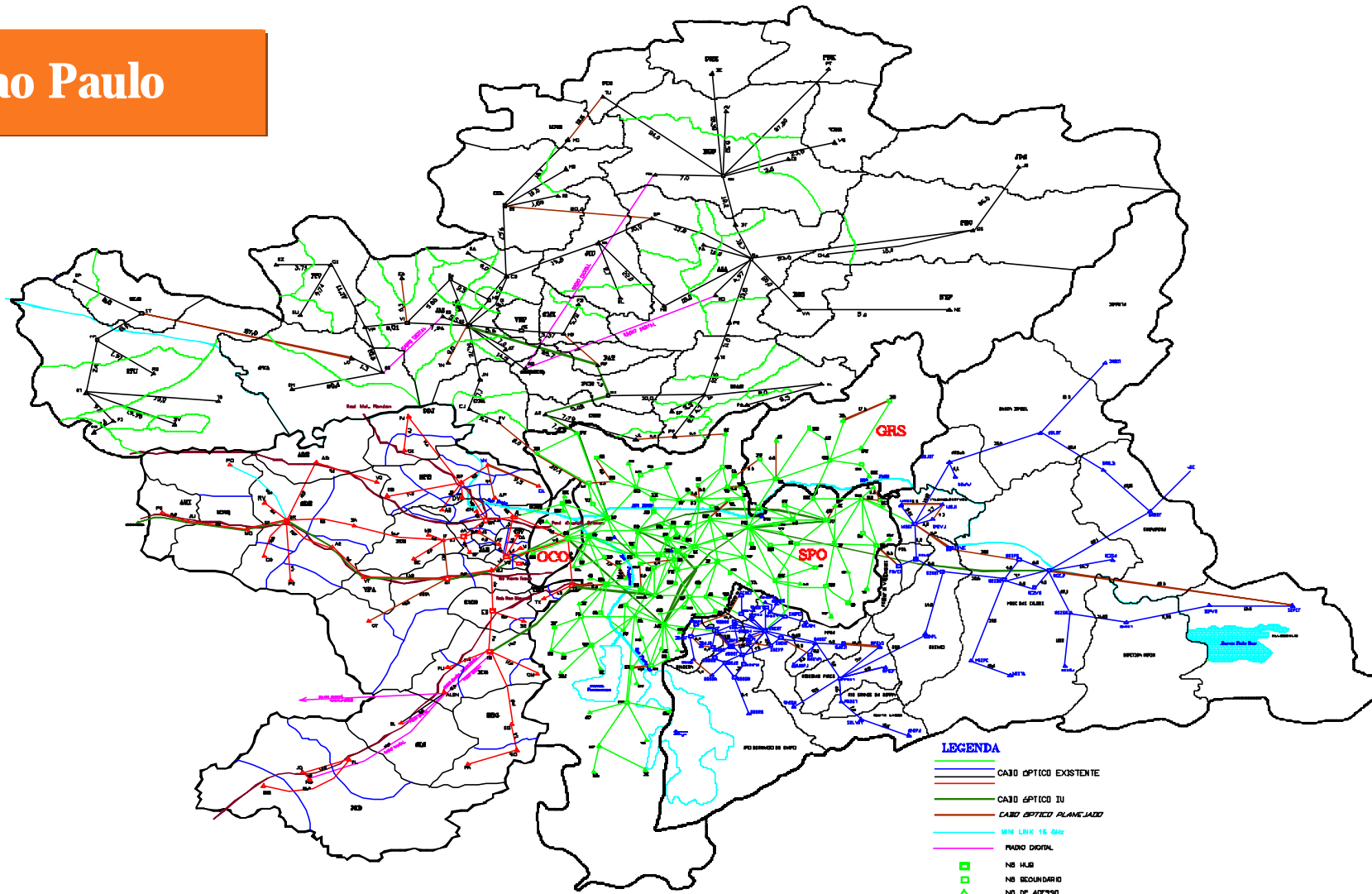
# CAPILLARITY

## Network Layers:



# LAST-MILE CONNECTIVITY

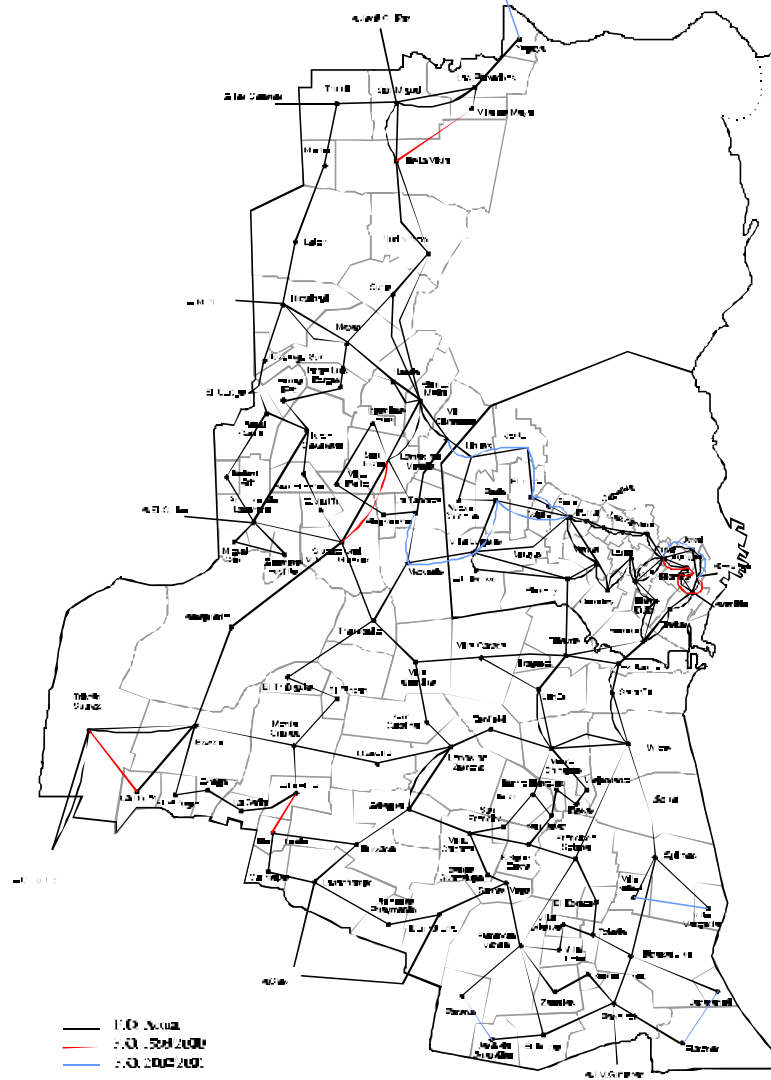
Sao Paulo



# LAST-MILE CONNECTIVITY

Buenos Aires

Red de cables de F.O. AMBA





# GEOGRAPHY

**Emergia's capacity will be the main source of funding to expand our network**

- **America**

- Colombia
- México
- Uruguay
- Venezuela

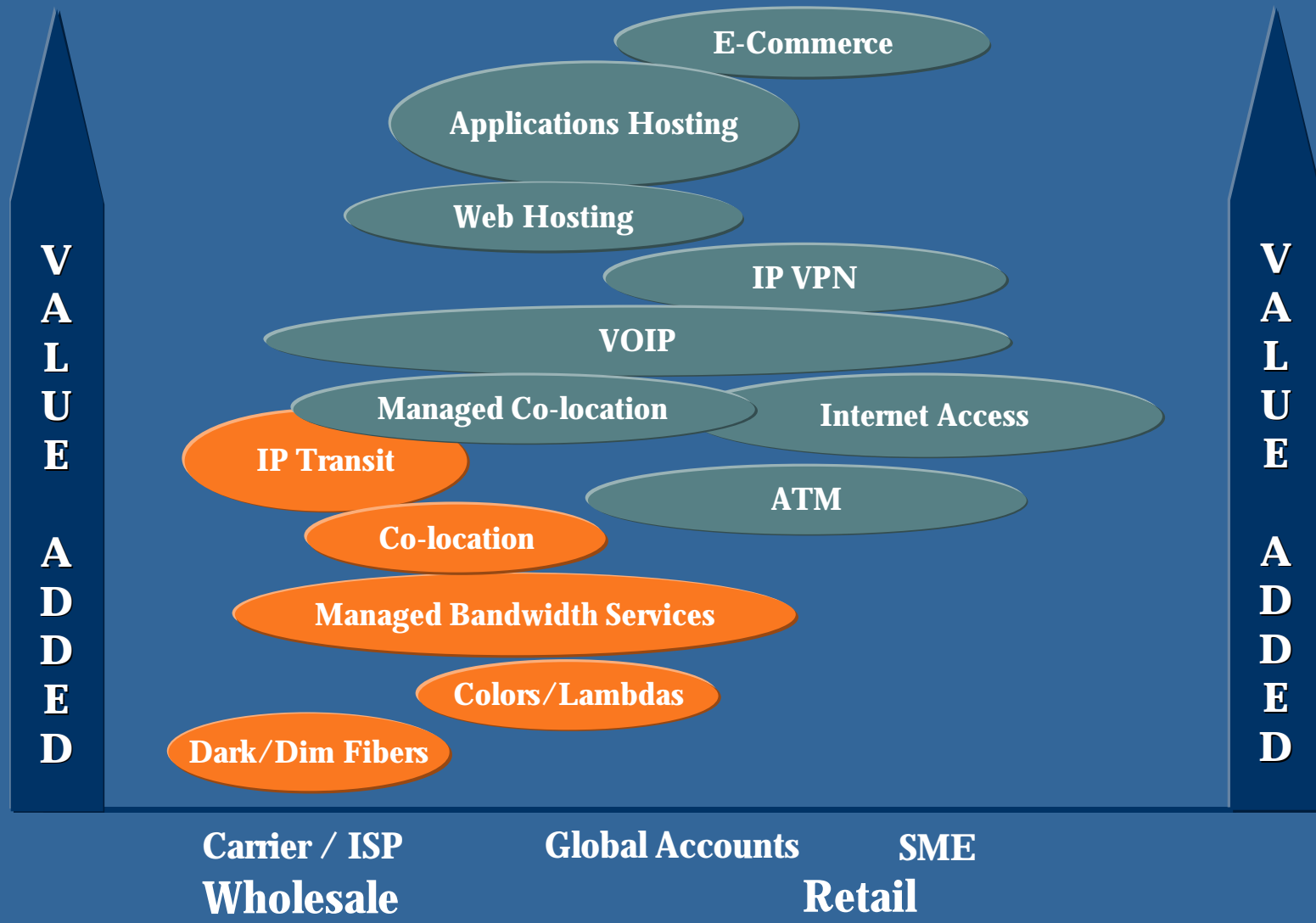
- **Global**

- Southern Europe
- Transatlantic



- **Marginal new capex**
- **Emergia as swap currency**
- **Emergia as single broadband capacity manager for Telefónica Group**

# SERVICES



**The specialist in the Americas**

**“The Virtuous Cycle”**

**COMMERCIAL PERFORMANCE**

**Financial Performance**



# LATEST AGREEMENTS

## Commercial Transactions

€938 MM



■ Telefónica Group  
■ Other customers

## Committed Capacity to be Activated during First Year - 28 stm-1



■ Telefónica Group  
■ Other customers

**The specialist in the Americas**

**“The Virtuous Cycle”**

**Commercial Performance**

**FINANCIAL PERFORMANCE**

# MARKET

Market Growth - % p.a.

60-130

Market Share - %

25-30

Capacity Sold annual growth rate - %

30-110

# FINANCE

**Forecast – €MM**

**2004**

**GAAP Revenues**

**250 / 300**

**GAAP EBITDA Margin - %**

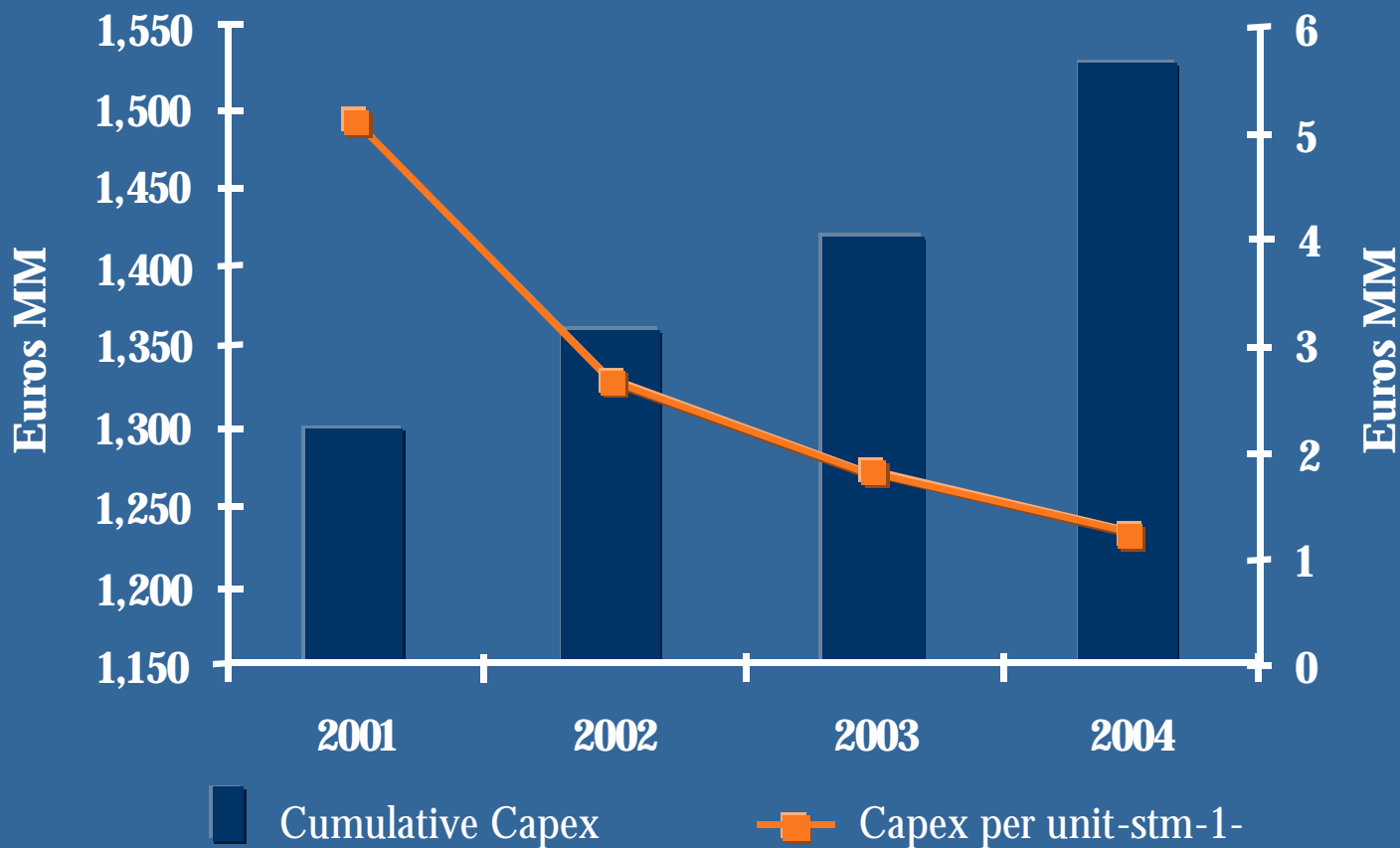
**60 / 70**

**Free Cash Flow**

**150 / 200**

# FINANCE

## Capex & Cost per Unit



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**“The Virtuous Cycle”**

**Commercial Performance**

**Financial Performance**



# KEY SUCCESS FACTORS

**Network provider as partner**

**Strong regional presence**

**Capillarity**

**Resilient structural network**

**High-volume transmission**

**Emergia**

**Our goal**

**Yes**

**Leader**

**Yes**

**Yes**

**emergia**

