



Second Investor Conference

March, 2002, Seville



*Telefonica*



**ATENTO:**

Alberto Horcajo

Executive Chairman of Atento

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- **Atento at a Glance**
- **2001 Results: Focus on Profits and Cash Flow**
- **Industry Trends and Competitive Advantages**
- **Leadership Position in Markets Served**
- **Services to Meet Current and Perceived Needs of Clients**
- **Priority on Maximizing Return on Capital**
- **The Way Ahead**

- **Established in 1999**
- **29,000 workstations in 13 countries**
- **47,000 employees providing services to over 400 clients**
- **Telefonica: Owner and largest client**

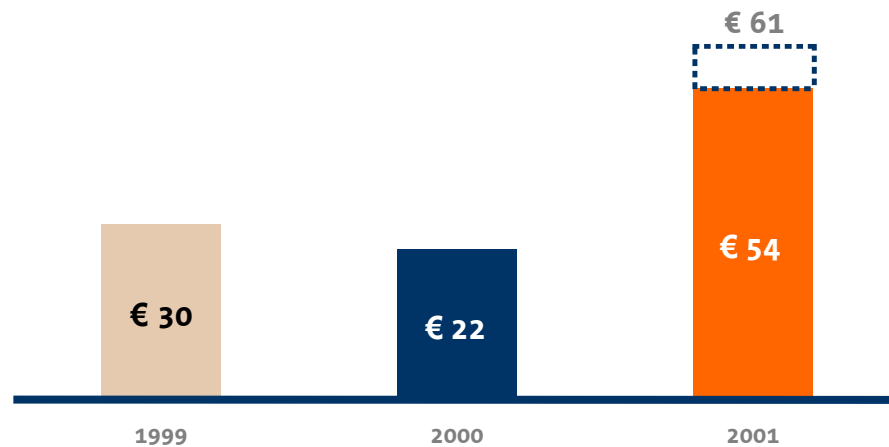
## 2001 Results demonstrate focus on profitability

Millions of Euros

### REVENUES



### EBITDA



 Analysis at constant FX Exchange Rate

#### Growth Rates

Rio Target for '00-'05:

Reported '01 vs. '00:

Proforma '01 vs. '00:  
(at constant exchange rates):

#### Revenues

32-36%

22%

32%

#### EBITDA

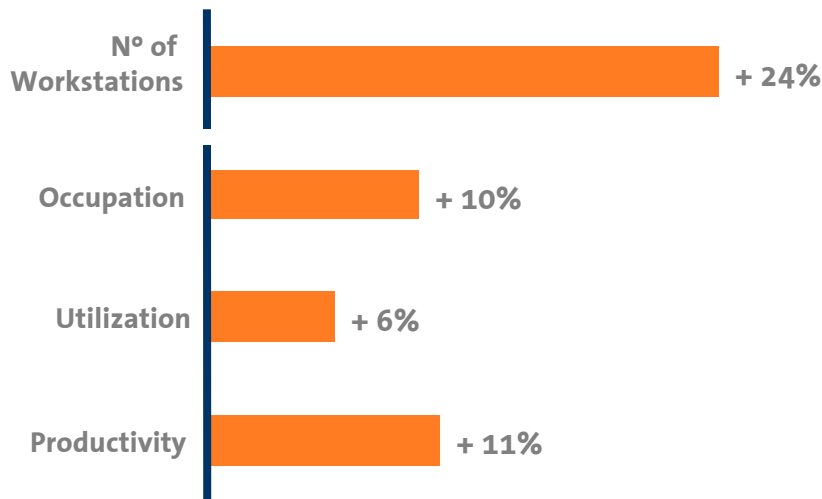
58-62%

143%

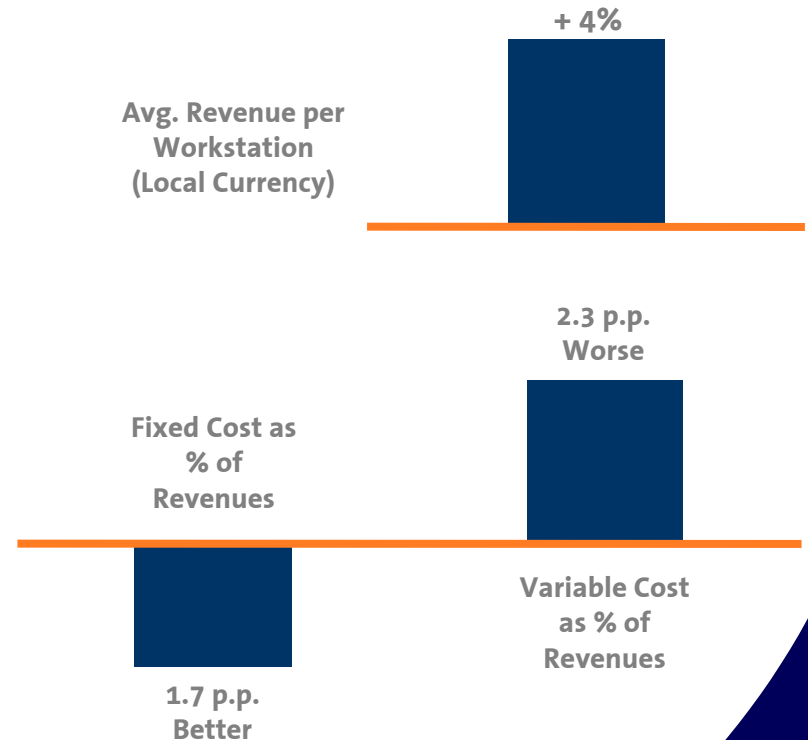
175%

# Operating efficiency allows us to compete in a tough industry environment

Change in Selected Operating Metrics (2001 vs. 2000)



Results of 2001 vs. 2000

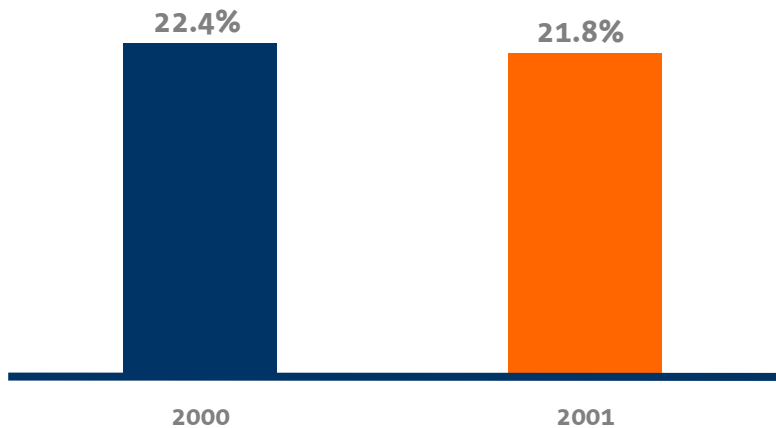


**Definitions:**

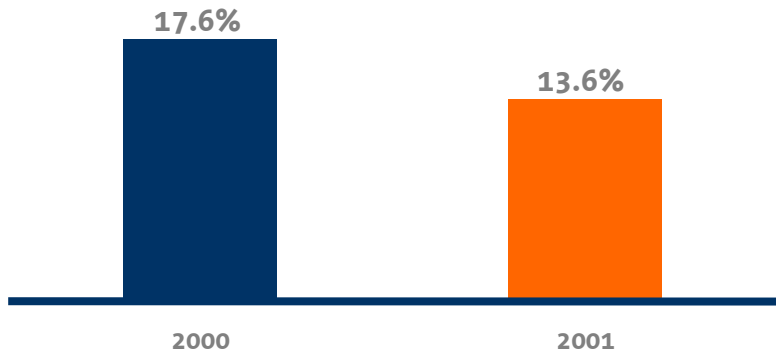
- Occupation:  $(WS\ occupied + WS\ rented) / WS\ enabled$
- Utilization:  $(Teleoperation\ hours / maximum\ hours\ for\ WS\ occupied)$ , without WS rented
- Productivity:  $(Billed\ hours / teleoperation\ hours)$ , without billed hours of WS rented

# Focus on lower overhead costs led to improved EBITDA

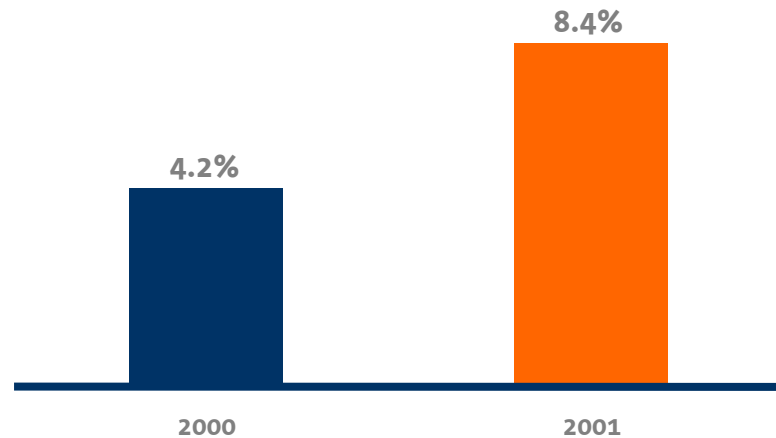
**Operating Margin**  
(Before S, G & A)



**Overhead Expenses as % of Revenues**



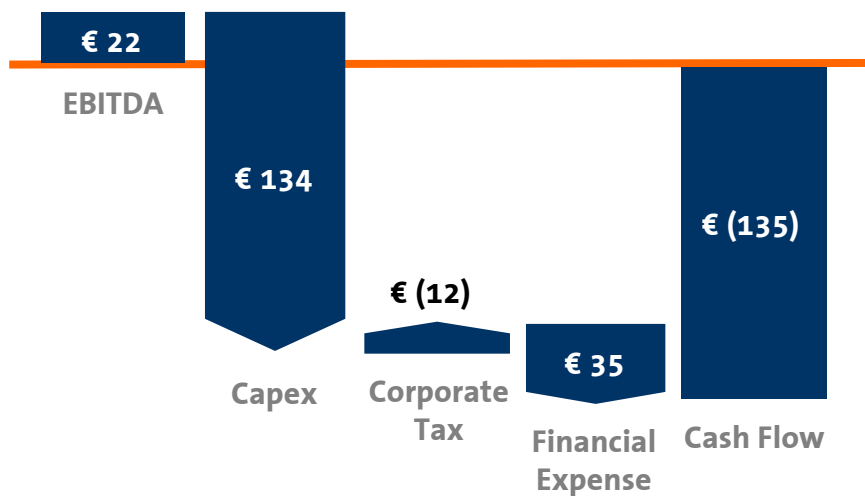
**EBITDA Margin**



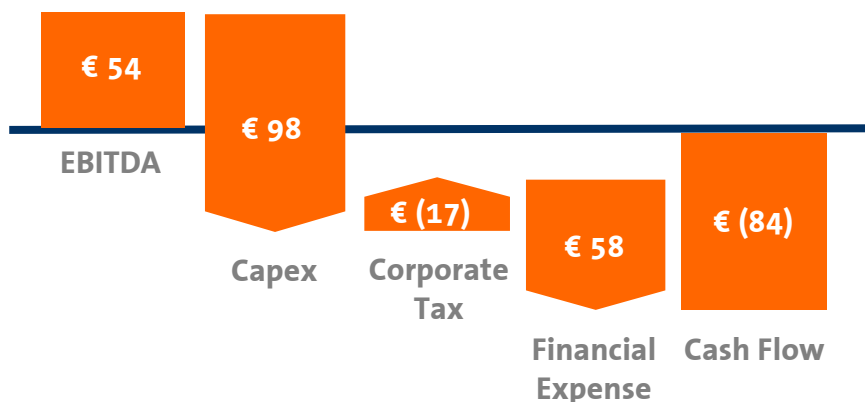
## 2001 Performance also shows emphasis on cash flow

Millions of Euros

2000 Cash Flow(\*)



2001 Cash Flow(\*)

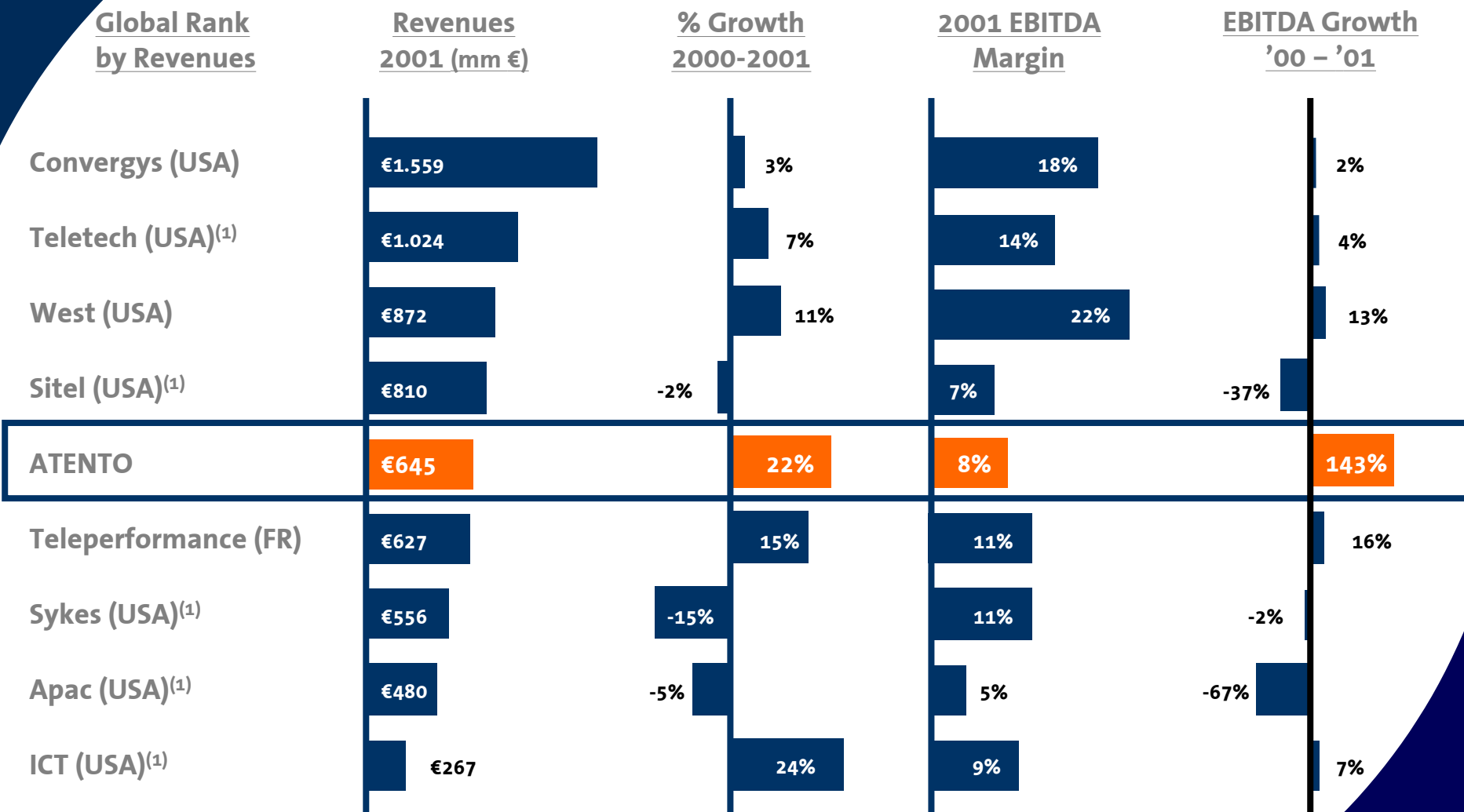


- Capex going down towards €40-45 mm/year (vs. Rio Projection of €100-110 mm)
- Optimizing debt structure to reduce financial expenses
- Reducing operating funding needs
- Generating returns on capital committed as debt to Telefonica

(\*) Cash Flow = EBITDA  
 - Capex  
 - Corporate Tax  
 - Financial Expense



# Atento's performance is improving to be among the best in the industry



Note: Revenue, EBITDA and growth figures are expressed in Euros and exclude acquisitions. Data obtained from various public sources.

(1) EBITDA numbers for 9 months (Jan. - Sept.) annualized.

# The global Contact Center market has great potential

## Declining Rivalry

- Fragmented market
- Trend is to cut number of call management outsourcers, which favors global operator

## High Bargaining Power of Customers

- A few large-volume clients can represent a high portion of revenues
- Service to a client can include a mix of low and high margin contracts



**Growth & Consolidation Opportunities**

## High Growth Rate (\*)

- 20% – 35% annual growth for Contact Center outsourcing expenditures from 2001 to 2005
- Outsourcing expected to change from 10% to 20% of global CRM expenditures

## Few New Entrants

- High barriers due to capital intensity and increasing value added of activity
- Rivalry from in-house operation going down

(\*) Source: IDC, Worldwide CRM Service Market Forecast and Analysis, 2001.  
 Commerce Capital Market, Customer Contact Center Outsourcing, Jan. 2002  
 The McKinsey Quarterly, 2002 Number 2

*Atento has a number of competitive advantages*



# Atento is achieving leadership and profitability in every market served



### MARKETS WITH WELL-ESTABLISHED PRESENCE

- EBITDA Margin > 14%
- Focused on expanding external market presence

**Brazil, Chile, Peru, Spain**

### MARKETS STILL UNDER DEVELOPMENT

- EBITDA break-even during 2001 or expected in 2002
- Potential for growth with no new investment

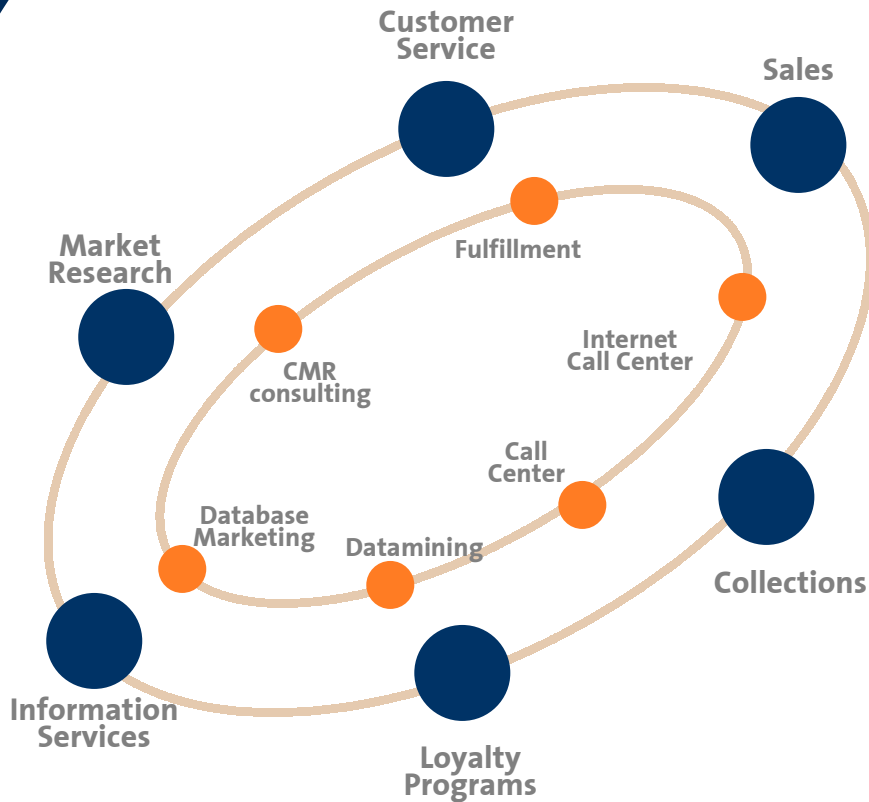
**Salvador, Japan**

### START-UPS IN 2001

- Negative EBITDA but high growth potential
- Growth and investment plans will be adapted to market conditions

**Mexico, Venezuela, Argentina**

## *Atento offers an extensive range of solutions to clients*



- **Customer satisfaction**
- **Loyalty**
- **Enhance use and collection of data for strategic purposes**
- **Knowledge about customers**
- **Interaction with sales & marketing functions**
- **Maximize customers' long-term value**

## ***Atento handles a portion of the interactions with the Group's clients***

*Telefonica*

Wireline in  
Spain and  
Latam



*Telefonica*

*Móviles*



• **New Client Acquisition**

• **Client Inquires**

• **Problem Solving**

• **Loyalty Programs**

- Outbound tele-marketing
- Lead generation
- In-bound sales by prescription
- Order processing

- Post-sales support
- Self-service Web & IVR tools
- Follow-up

- Tech support
- Help desk
- Complaints

- Welcome programs
- Win-back contacts
- Cross-selling & Up-selling
- Client retention

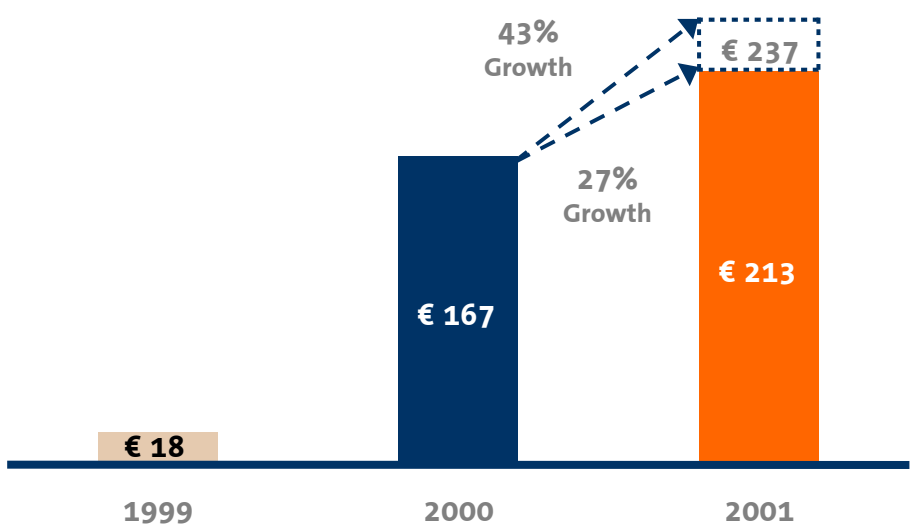
### **Arms-length Commercial Relationship**

- Non-exclusive
- Market-based prices
- Individual contracts, with one-year reviews
- Demanding quality standards (incl. penalties for non performance)
- Commitment to share operating efficiencies to help reduce overall costs
- Umbrella Agreement between Atento and Telefonica governs commercial agreements between local affiliates

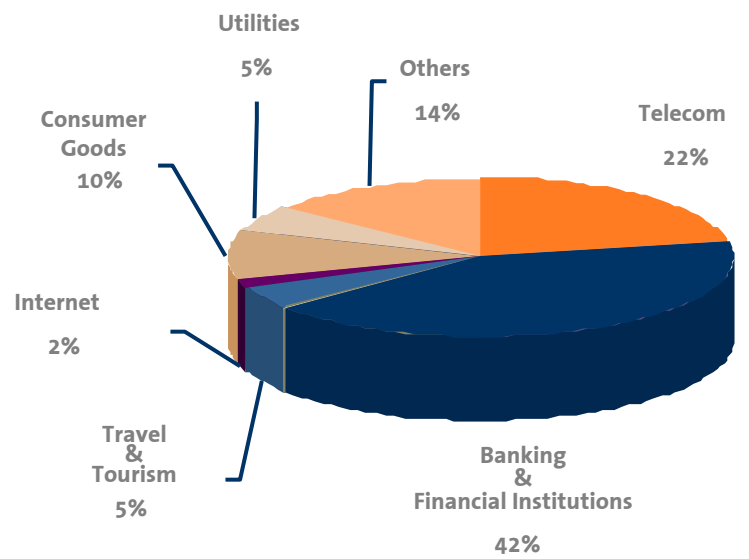
# However, our growth increasingly comes from our external client base

Millions of Euros

## Revenues from clients outside the Telefonica Group



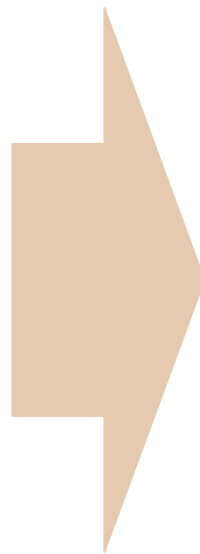
## External Revenues by Industry Sectors



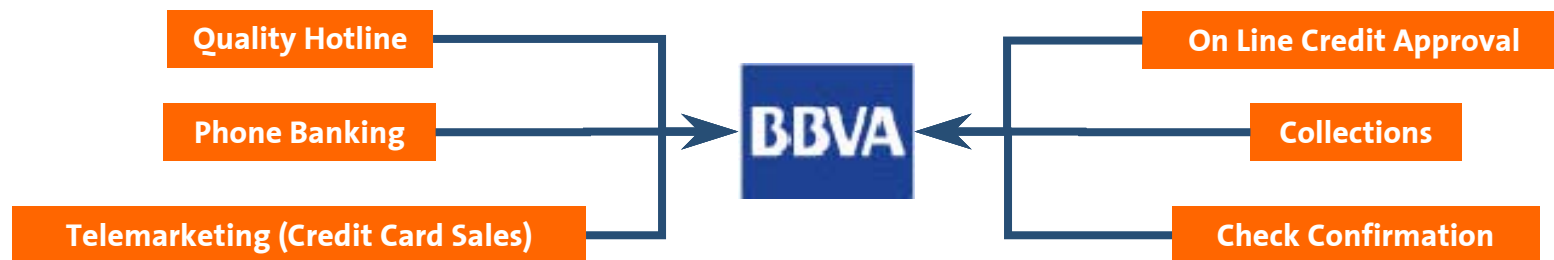
 Analysis at constant FX Exchange Rate

## ***Alliance with BBVA strengthens our expertise in the financial sector***

- BBVA contributes all of its contact center activities to Atento
- Four year contract
- BBVA will own a minority stake in Atento



- BBVA is a leader in the financial sector across Spain and Latin America
- A commercial relationship strengthens Atento's global practice
- Banking is one of the largest segments served by the industry
- Approximately €80 million in potential new revenues (45% in Spain; 55% in Latin America)





## Case Study #1: Brazil / Financial Services

**Client:**

Losango (Lloyds Bank Group),  
consumer credit institution

**Problem:**

Outsource contact center operations  
(customer service, information, sales  
and collections). Formerly distributed  
across 7 sites throughout Brazil

**Challenge:**

Reduce overall costs (operation +  
telecom) and raise service quality

### RESULTS

- Atento exceeded cost reduction targets of 9%, thanks to our communications network, efficiency and cost advantage. Savings could reach 16% in 2002
- Quality management and technology upgrade allowed a greater service level and the introduction of automated response in selected cases
- New systems and processes allow Losango to rapidly deploy new products and meet fluctuations in activity levels



Lloyds TSB



## Case Study #2: Spain / Internet Sector

**Client:**

Terra Networks

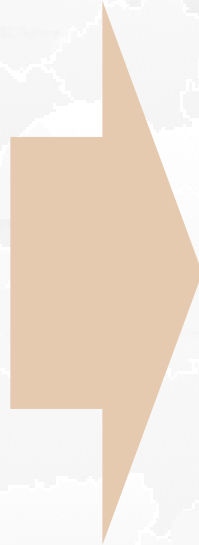
**Problem:**

High cost of customer support services. Too much effort and money spent in non-premium customers for Terra

**Challenge:**

Reorganize the CRM model to:

- Enhance service quality for customer segmentation, and promote value-added products
- Reduce cost of routine tasks

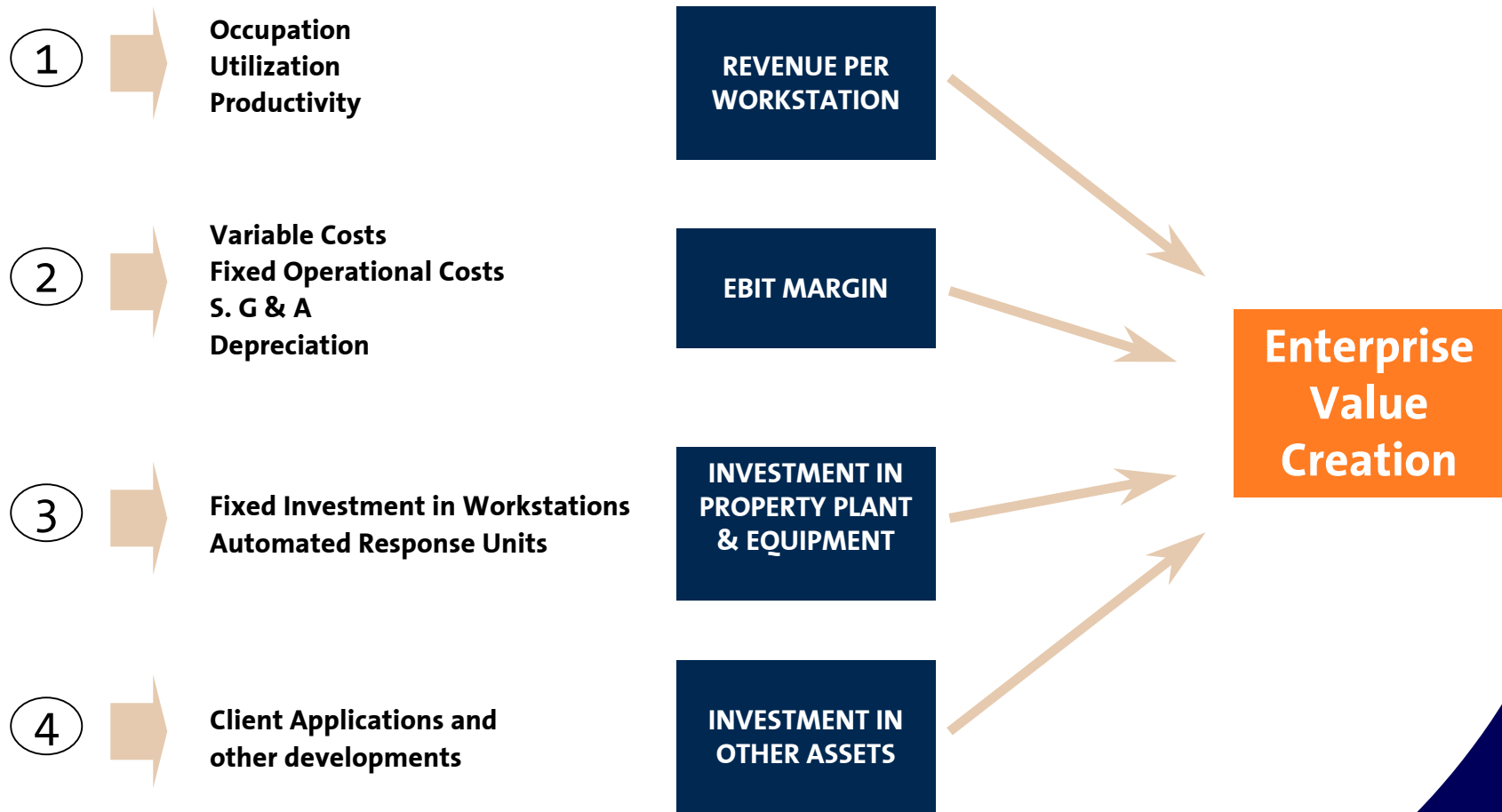


### RESULTS

- Eliminated single service line in favor of differentiated access channels for each customer segment
- Introduced automation (IVR):
  - Low-cost handling of high-volume, low-complexity tech support and information
  - Optimized call distribution, prioritizing access by premium customers
- Increased product sales via Contact Center (e.g. ADSL), becoming a successful sales channel, tripling sales attained through Web site.
- Launched a unit specialized in telesales for all products of Terra, driven by results



# 2002 measures for improving return on invested capital



## *Specific initiatives in progress to enhance operating profit and optimize invested capital*

### **1. Increase Revenue per Workstation**

- Increase added value of services
- Increase occupancy by targeting new markets
- Promote cross-border services that span a wider range of time zones
- Focus on sophisticated customers with complex demands and high growth prospects

### **3. Leverage Investment in Fixed Assets**

- Increase the use of automated solutions and IVR units to complement tele-operator service in high volume inbound operations
- Leverage the existing platform to increase volume, with minimal new investment
- Design of differentiated solutions at various levels of price and quality
- Leverage the geographic footprint of Atento to serve clients across various time zones

### **2. Improve EBIT Margin**

- Reduce overhead expenses
- Improve operating efficiencies and implementation of best practices
- Increase efforts to serve high-revenue markets out of low-cost locations
- Discontinue unprofitable operations

### **4. Economies of Scale in Investments in Other Assets**

- Maximize synergies from the common use of proprietary solutions across the Atento network
- Optimize resources committed to developing client applications

# The choice already is for profitable growth

Millions of Euros

		<b>CAGR (2002 - 2005)</b>
	<b>2001 Results</b>	<b>Strategic Plan (organic growth of current operations)</b>
Revenues	: € 645	8 - 12%
EBITDA	: € 54	20 - 25%
EBIT	: € (34)	Break-even during 2002
Net Income	: € (103)	Positive in 2003
<hr style="border-top: 1px dashed black;"/>		
CAPEX	: € 98	€ 45 - 50 mm / year
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% Revenues from External Clients	: 33%	55 - 60% in 2005

## *The Way Ahead...*

- Reach and advance leadership in every market (#1 or #2 position)
- Enhance operating efficiency in order to attain global cost leadership
- Actively promote the use of automated response systems, where desirable, as a complement to tele-operator service
- Further refine our portfolio of services and solutions, so as to anticipate the needs of our clients, in partnership with specialists, if preferable
- Implement a de-centralized management organization, with the tools and the ability to make decisions close to the operations
- Pay close attention to the development of our human capital

**To quickly become one of the top Contact Center and Customer Management companies in the world**

ATTENTO: