



JAZZTEL

**1st quarter 2003 results
announcement**

May 13th, 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 certain European regulatory authorities.

Financial Highlights

- **Year on year growth picking up. Quarterly growth dampened by January and February holidays / seasonality:**
 - First quarter revenues amounted to 57,7 million Euros compared to 53,0 million Euros in the first quarter of 2002, representing an increase of 8,9%. Revenues remained flat compared with the previous quarter.
- **Strong gross margin year on year improvement and flat compared with last quarter again due to seasonality:**
 - Gross margin improved to 24,3 million Euros. In absolute terms Gross Margin grew by 5,3 million Euros, a 27,9% increase over the same period in 2002, and decreased 0,3 million Euros, a 1,2% decrease over the previous quarter. As a percentage of revenues, Gross Margin amounted to 42,1% in the first quarter of 2003 up from 35,8% in the same period of 2002 and down 0,5% from the previous quarter.
- **2002 cost reduction program still shows positive effects on SG&A during 2003**
 - First quarter SG&A amounted to 27.2 million Euros, compared to 33.9 million Euros in the first quarter of 2002, representing a decrease of 19.8%. Compared with the previous quarter, SG&A declined 3.9% from 28.3 million Euros.
- **EBITDA break even in March and close to break even on a quarterly basis:**
 - Adjusted EBITDA improved from negative 14.9 million Euros in the first quarter of 2002 to negative 2.9 million Euros in the first quarter of 2003. On a quarterly basis, adjusted EBITDA improved by 0.8 million Euros from negative 3.7 million Euros in the fourth quarter of 2002. This represents a decrease in EBITDA losses of 21.6%. As a percentage of revenues, adjusted EBITDA improved from negative 28.1% in the first quarter of 2002 to negative 5.0% in the first quarter of this year. On a quarterly basis adjusted EBITDA came down to negative 5.0% from negative 6.4% in the fourth quarter 2002.

Operational Highlights

- **Steady improvement in traffic:**

- Total traffic on the Jazztel network amounted to 923 million minutes in the first quarter 2003, a 7.9% increase over the same period of 2001. Total traffic increased 10.5% compared to the fourth quarter of 2002.

- **Strong sign ups of customers showing that negative recapitalization effect is disappearing bit by bit:**

- Total contracts signed for direct access provisioning reached 3.653 by the end of the first quarter of 2003, a 33,5% increase over the same period of last year and a 9,7% increase over the end of the previous quarter. A total of 323 new contracts were signed during the first quarter 2003, compared with 350 in the previous quarter.
- Number of sites connected increased to 3.348, up from 2.296 in the same period of 2002 and 3.016 in the previous quarter.

- **Great success of preselection campaigns:**

- In Indirect Access, Jazztel has managed to accelerate its upward trend in preselected customers. The number of preselected lines grew from 116.579 preselected lines in the first quarter of last year to 171.164 lines in the first quarter of 2003, which means a 46,8% increase.

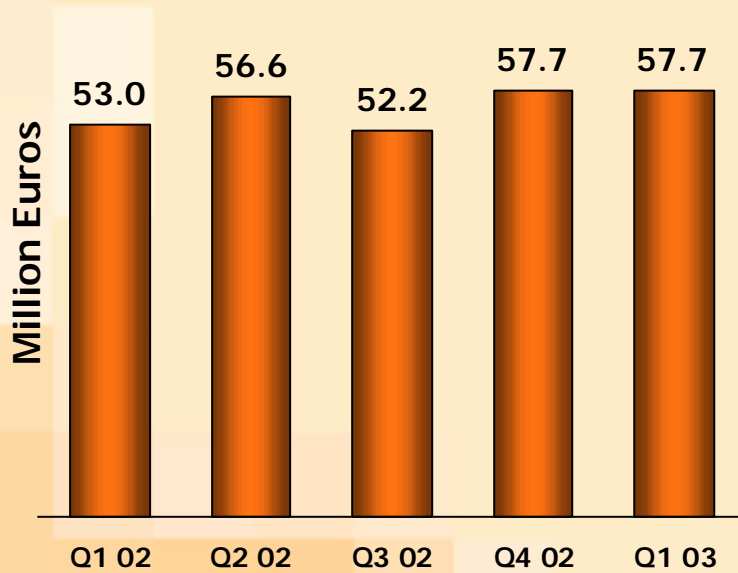
- **Good evolution of xDSL services:**

- A similar strong growth took place in xDSL services with contracts signed for “masDSL” services growing from 698 customers at the end of the fourth quarter of 2002 to 918 at the end of the first quarter of 2003, a 31.5% increase. The number of provisioned “masDSL” sites climbed from 434 in the previous quarter to 698 sites at the end of the first quarter of 2003.

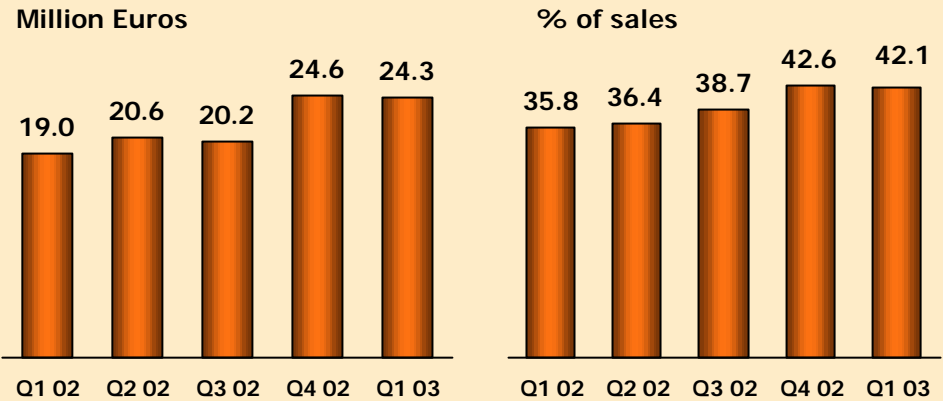
The logo for Jazztel, featuring the word "JAZZTEL" in a stylized, handwritten-style font.

Quarterly Evolution of Top Line Results

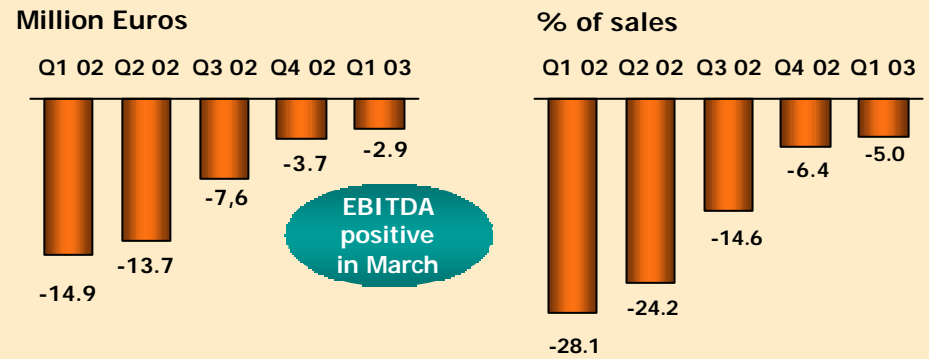
Revenues



Gross margin



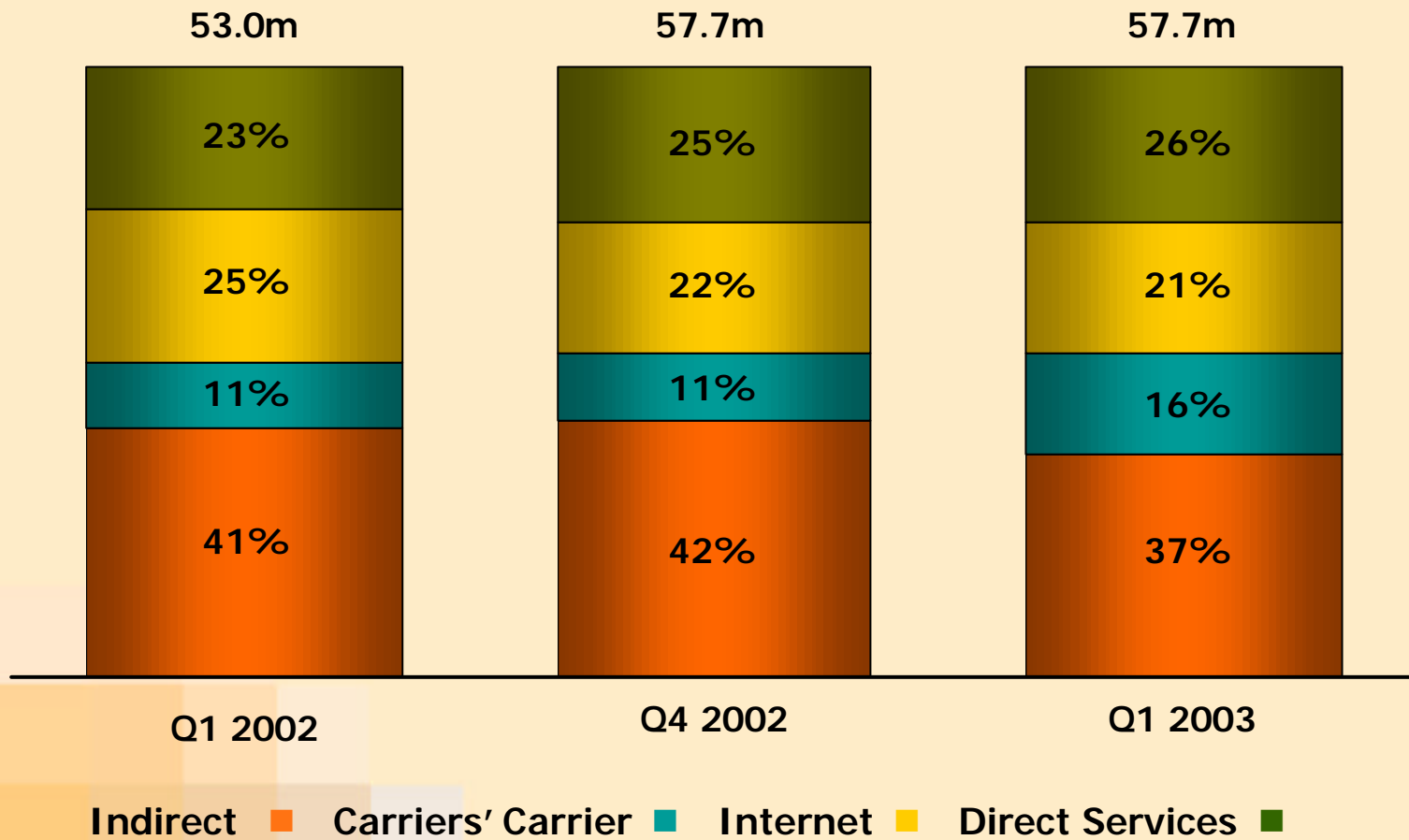
EBITDA



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Revenue Mix Evolution

Million Euros



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Direct Access Key Issues

Still slow growth in a difficult economic environment but medium term improvements are clearly visible:

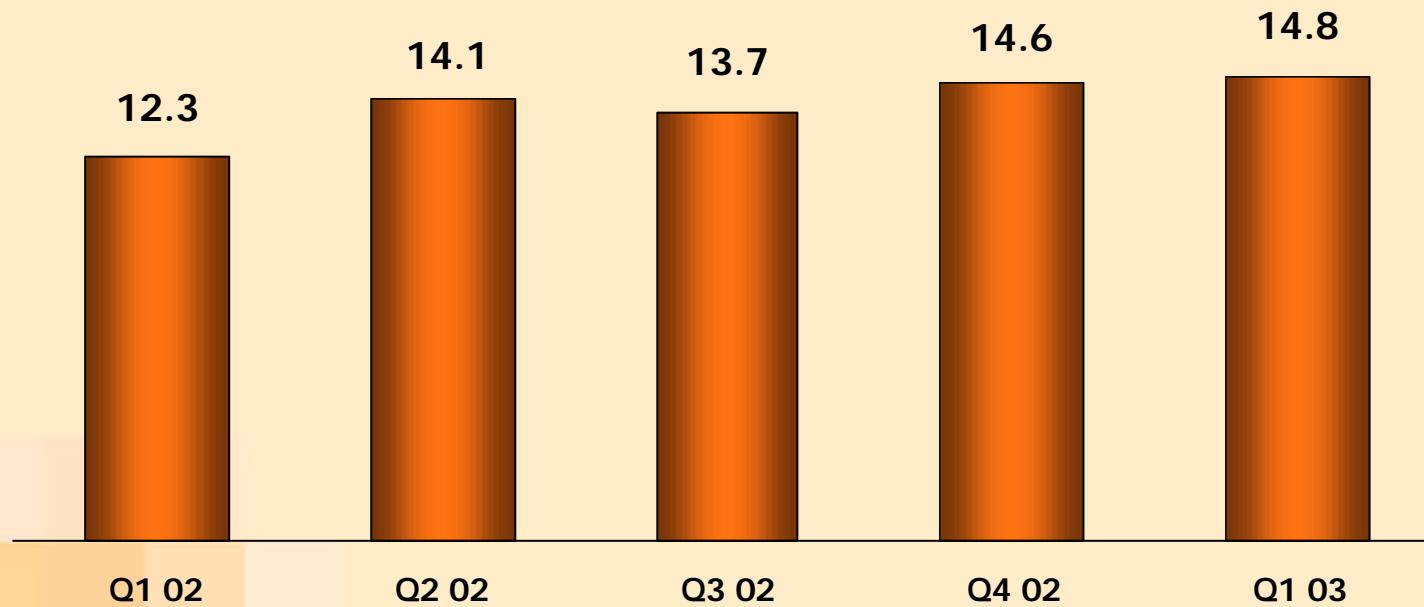
- Customers are showing renewed interest for Jazztel after restructuring (e.g. CETM)
- Reorganisation of sales force should lead to improvements in productivity in the medium term
- xDSL product is proving very competitive

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Direct Access Revenues

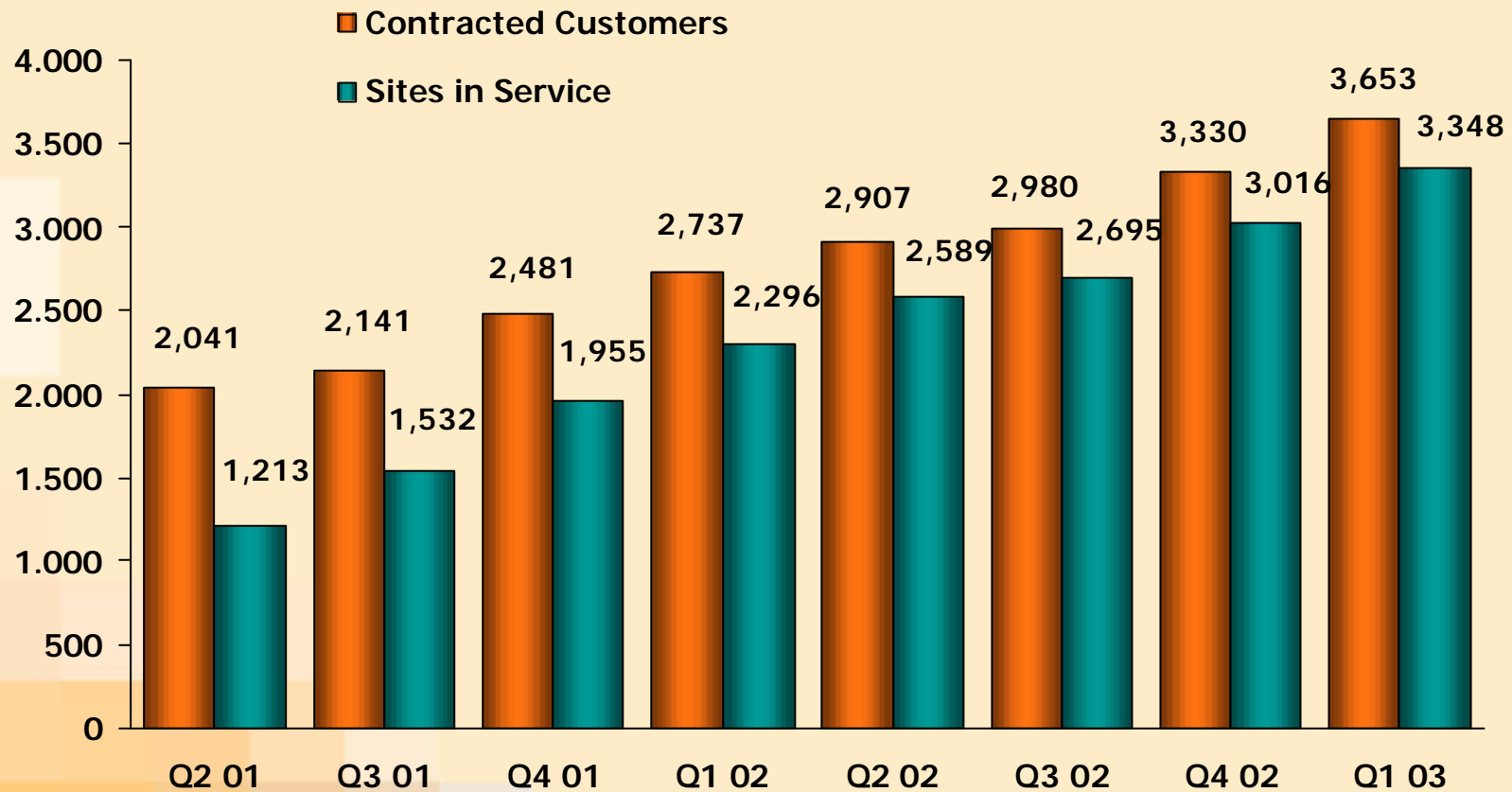
Million Euros

Quarterly evolution



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Direct Access Customer Take-Up



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Haulage Road Transport Confederation (CETM) Case Study

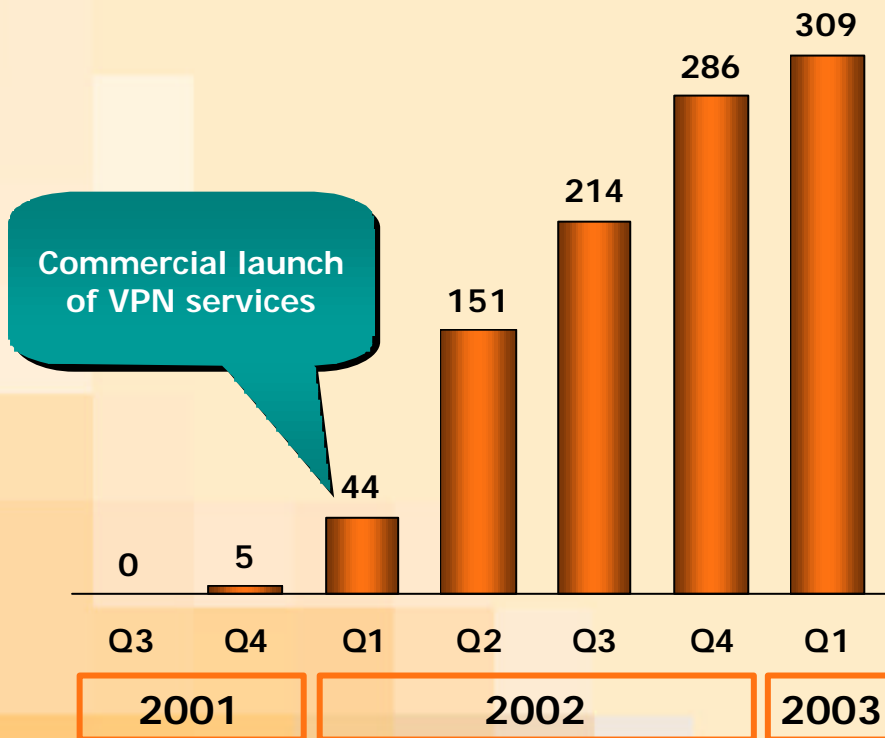
Jazztel signed recently a frame contract with CETM, giving all companies associated to them the possibility to use all telecommunications services with Jazztel under special conditions

- CETM is a transports confederation formed by more than 34,000 businesses in Spain
- These companies had more than 10,500 million Euros of revenues
- The companies associated employ more than 215,000 people
- One of the main reasons for choosing Jazztel as their telecommunications provider has been our last generation products and services and the quality of service as well

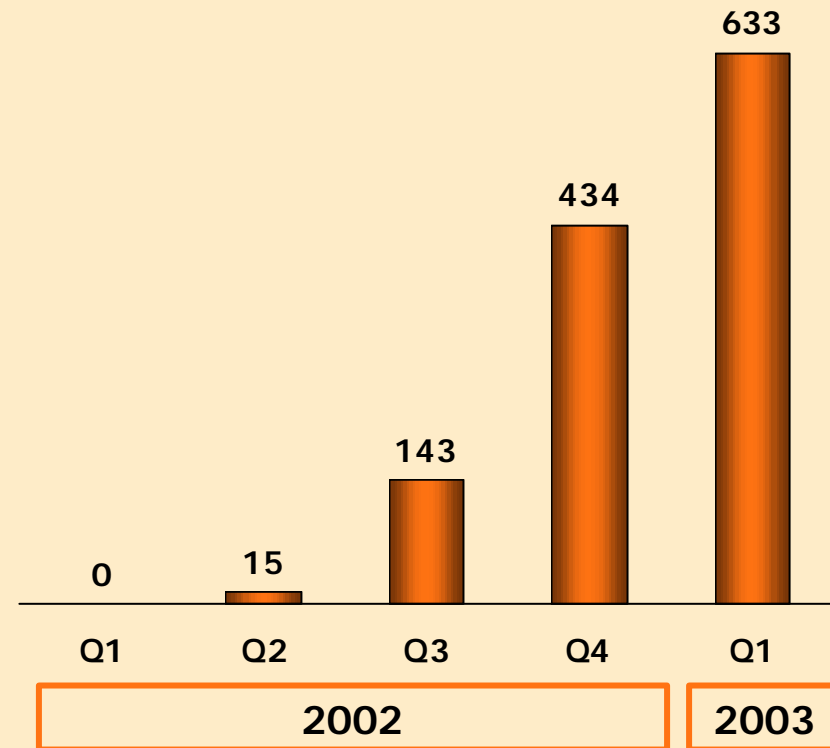
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Evolution of New Products and Technologies in Direct Access

Number of VPN Services



Number of xDSL provisioned sites



Number of operational Central Offices



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Indirect Access Key Issues

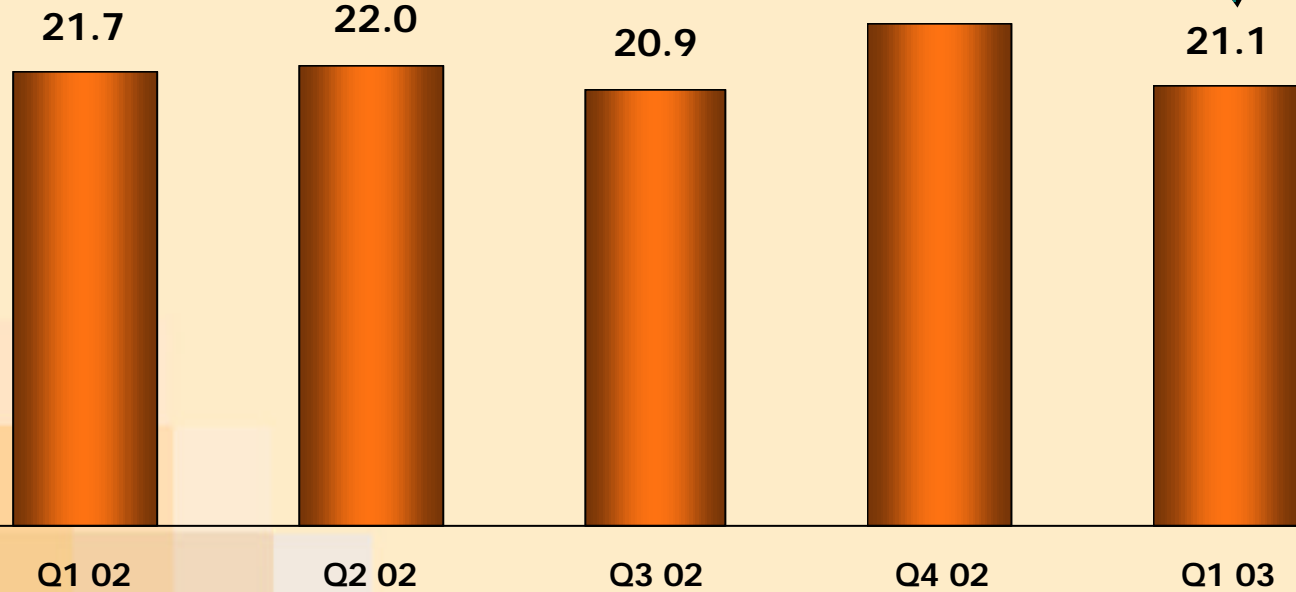
Indirect Access:

- Decreased in revenues due to January and February seasonality effect
- Very succesful “weekends for free” and “one day for free” advertising campaigns increasing preselected customers and reducing churn
- Clean up of marginal customers

Indirect Access Revenues

Million Euros

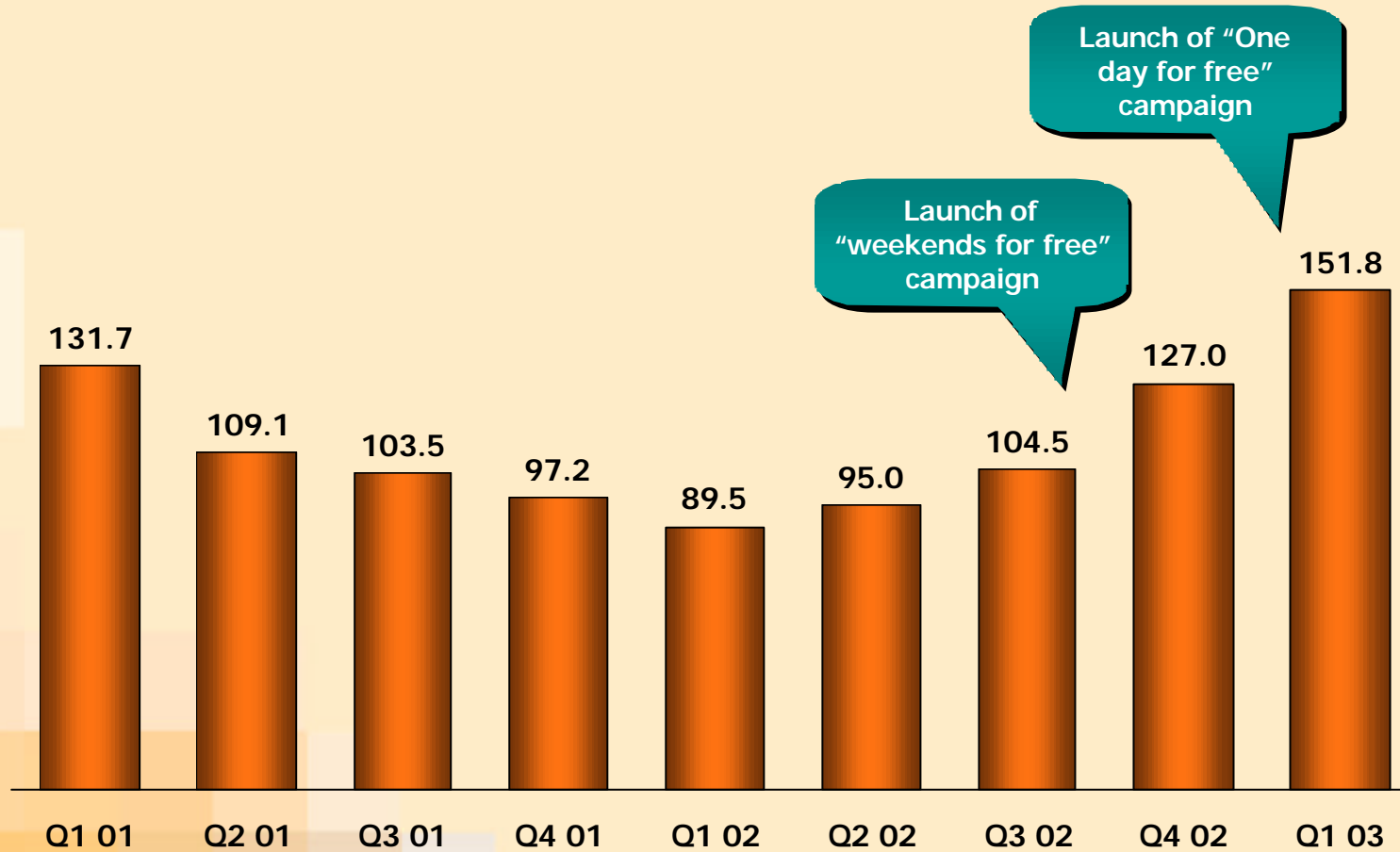
Quarterly evolution



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Pre-selected Lines Evolution - Spain

Thousands of lines

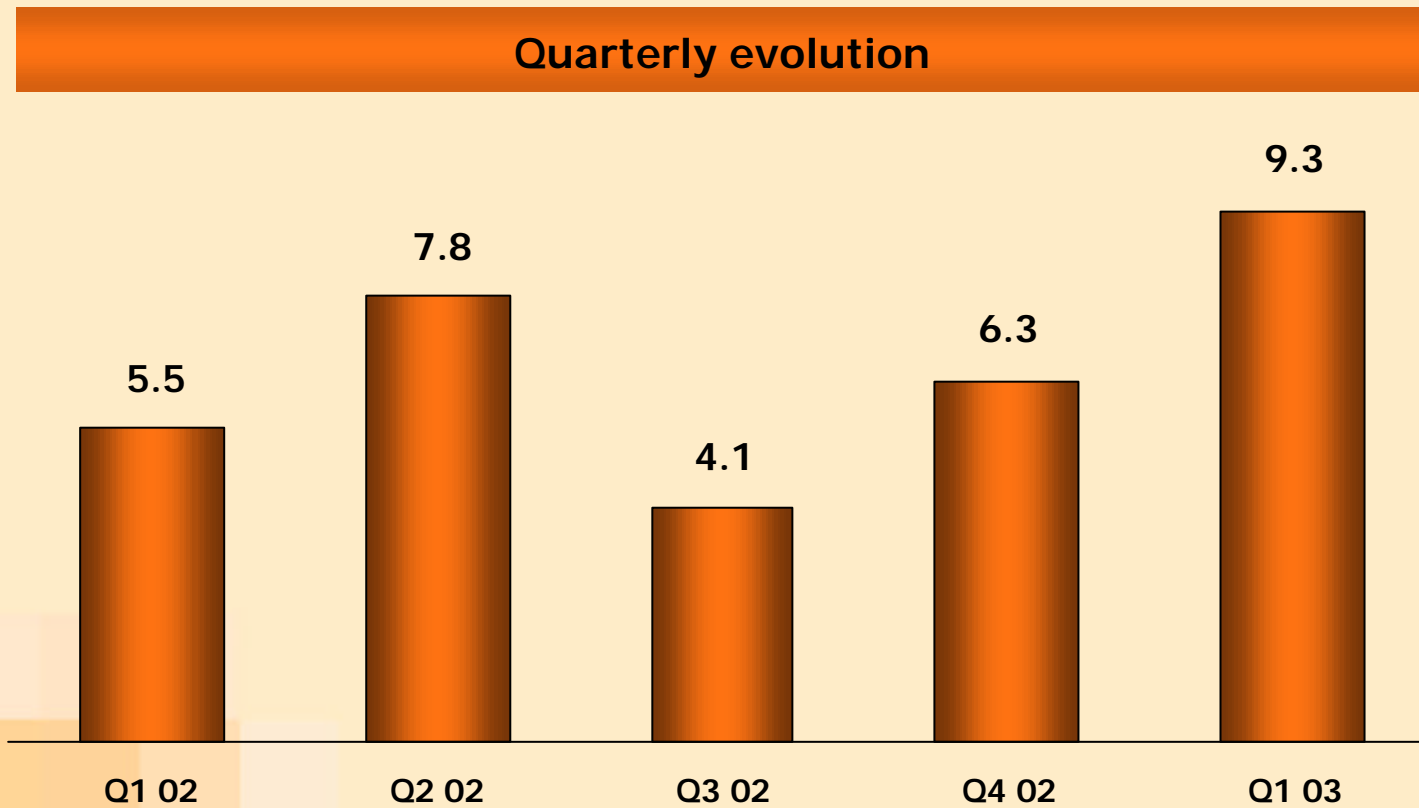


Carrier Services, Internet and VAS Key Issues

- Carrier services:
 - Very strong performance due to some big contracts of traffic termination
- Internet and VAS:
 - Revenues still affected by weak Internet and IT market evolution

Carrier Services Revenues

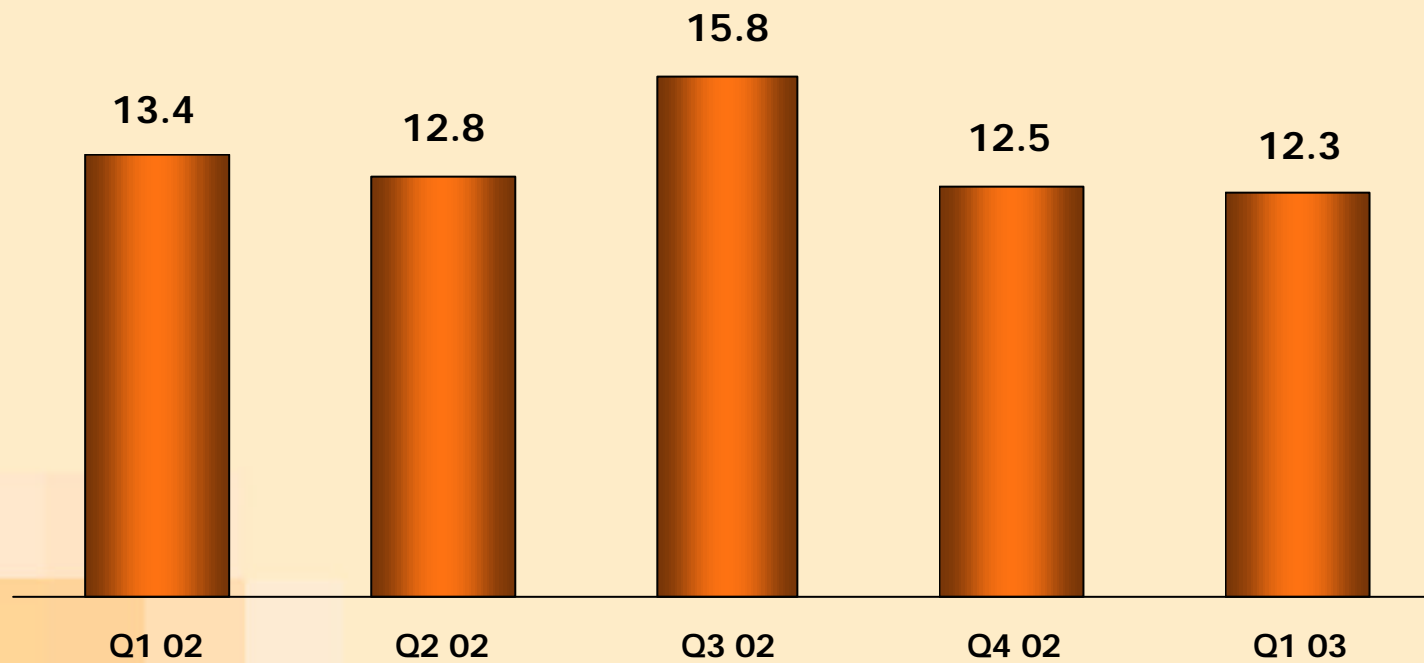
Million Euros



Internet and Value Added Services Revenues

Million Euros

Quarterly evolution



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P&L Comparison

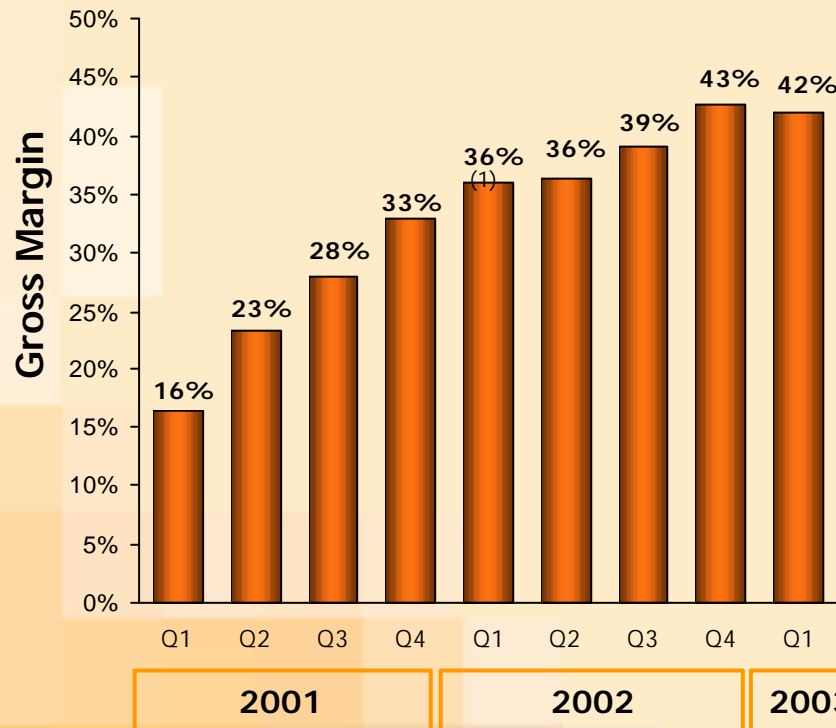
Million Euros

	Q1 2002	Q4 2002	Q1 2003
Revenues	53.0	57.7	57.7
Cost of Sales	(34.0)	(33.1)	(33.5)
Gross Margin	19.0	24.6	24.3
<i>as % of sales</i>	35.8%	42.6%	42.1%
SG&A	(33.9)	(28.3)	(27.2)
EBITDA	(14.9)	(3.7)	(2.9)
<i>as % of sales</i>	-28.1%	-6.4%	-5.0%
CAPEX	(21.6)	(7.3)	(2.7)
<i>as % of sales</i>	41.8%	12.7%	4.7%

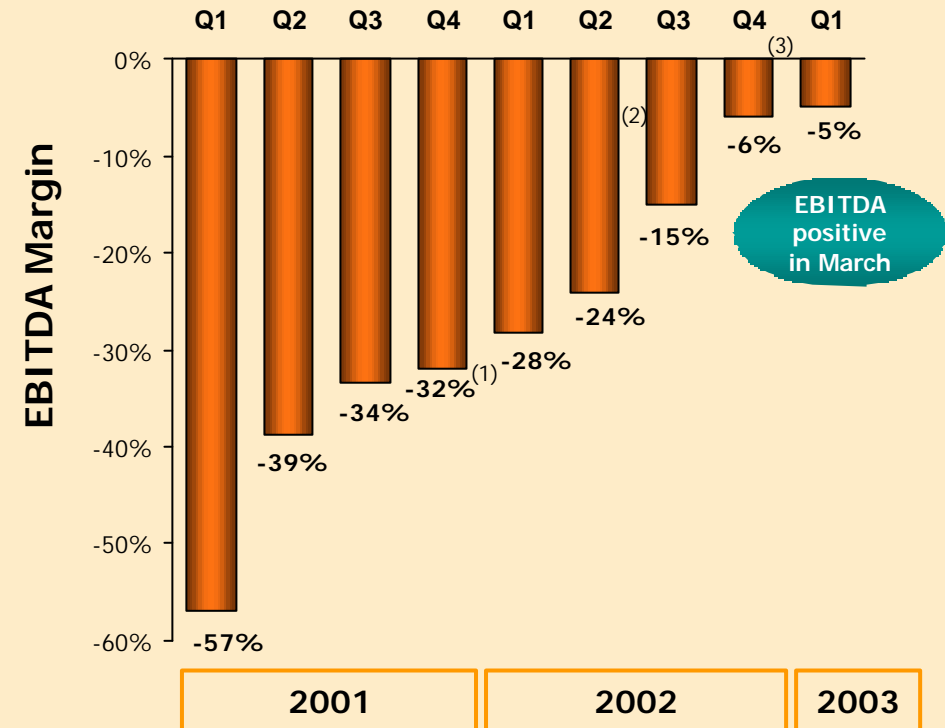
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Margin Evolution

Gross Margin as % of Sales



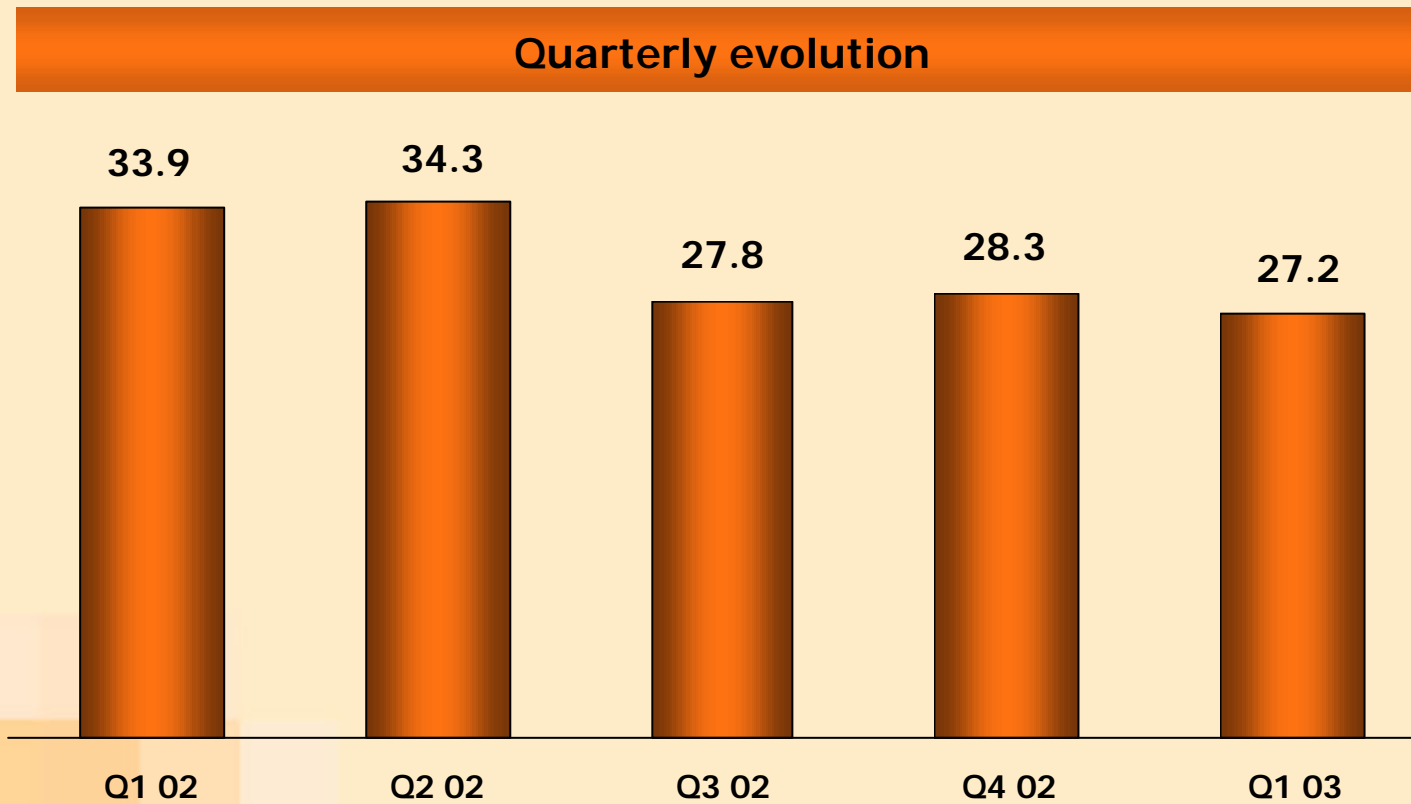
EBITDA Margin as % of Sales



⁽¹⁾ Gross margin calculation for the quarter excludes the 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.

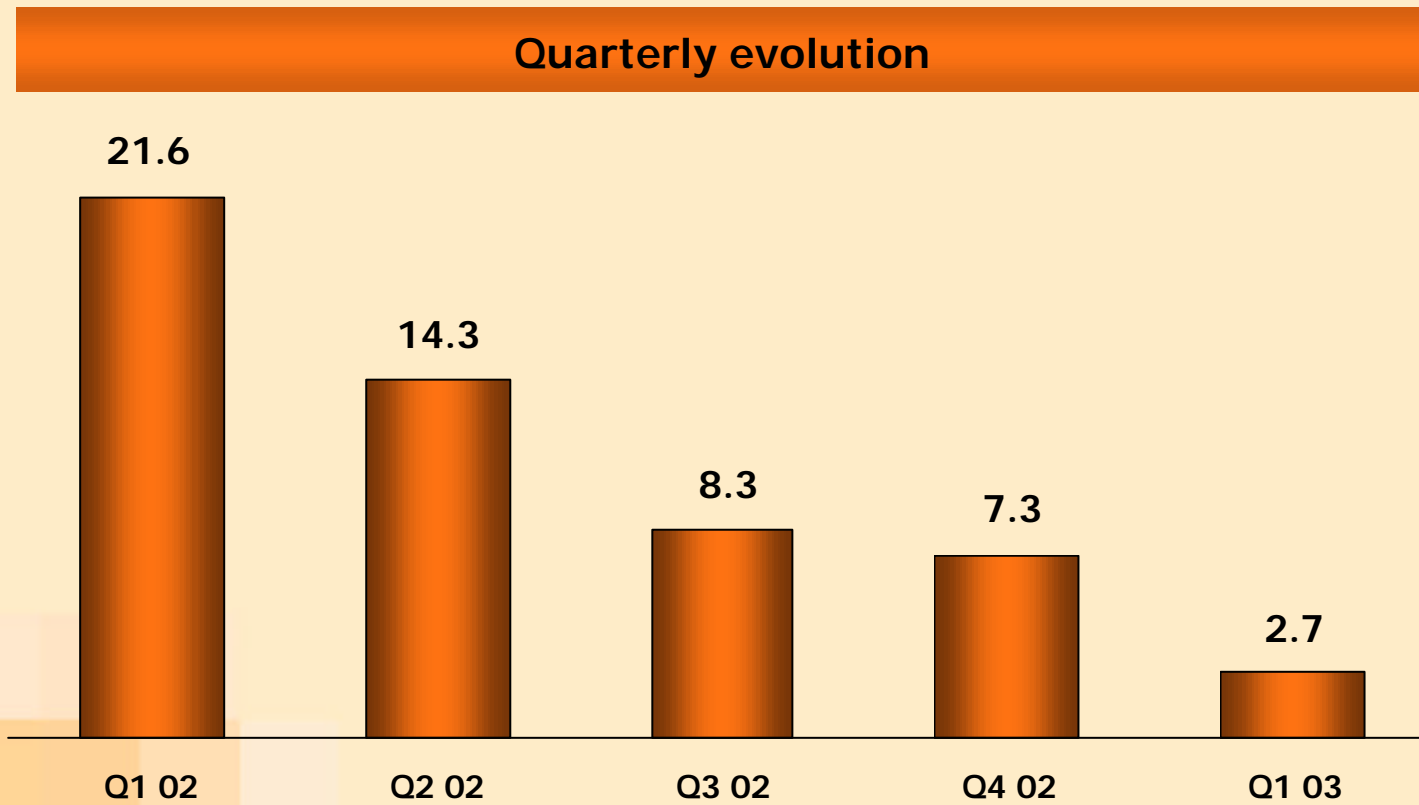
SG&A Evolution

Million Euros



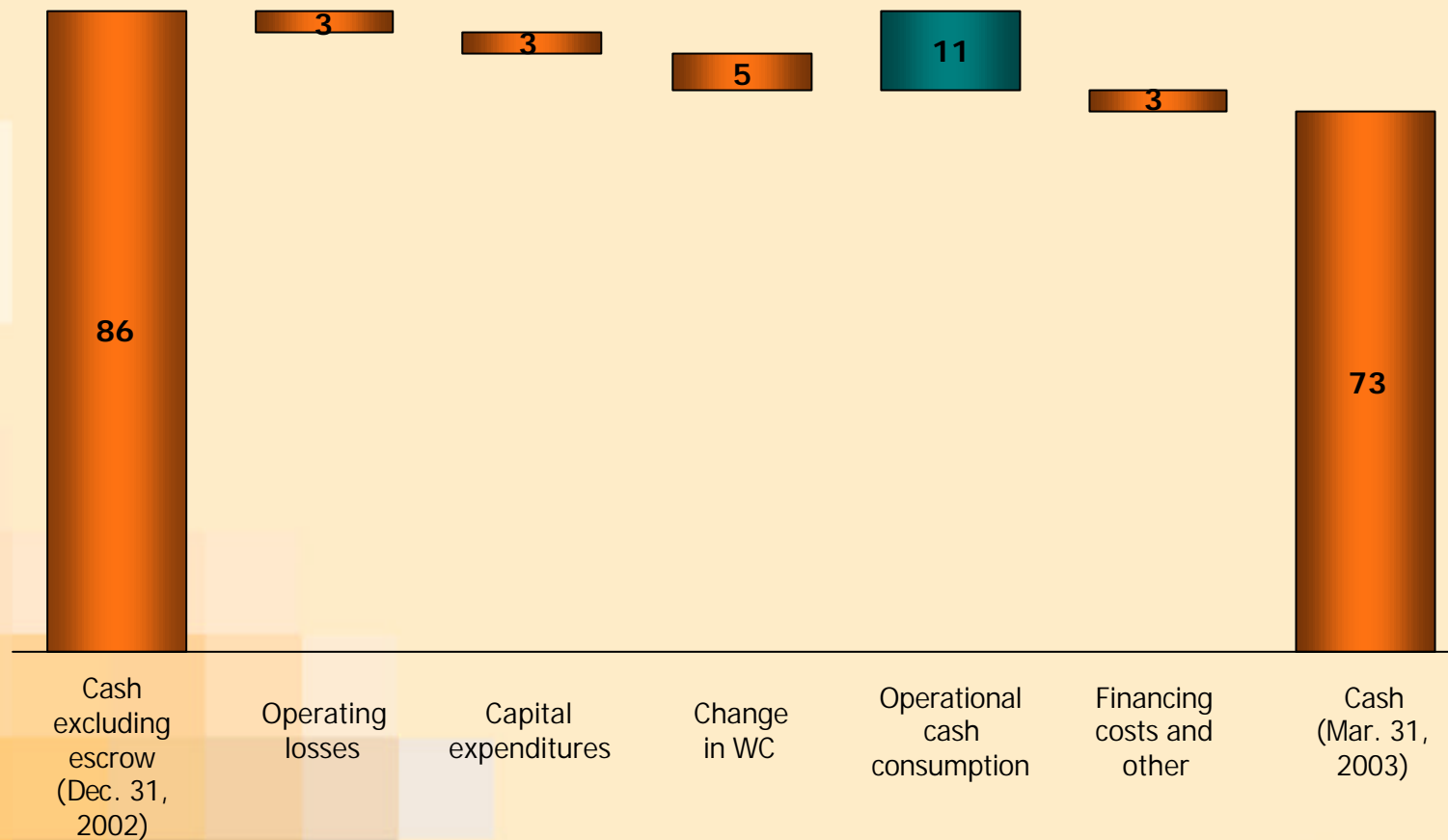
CAPEX Evolution

Million Euros



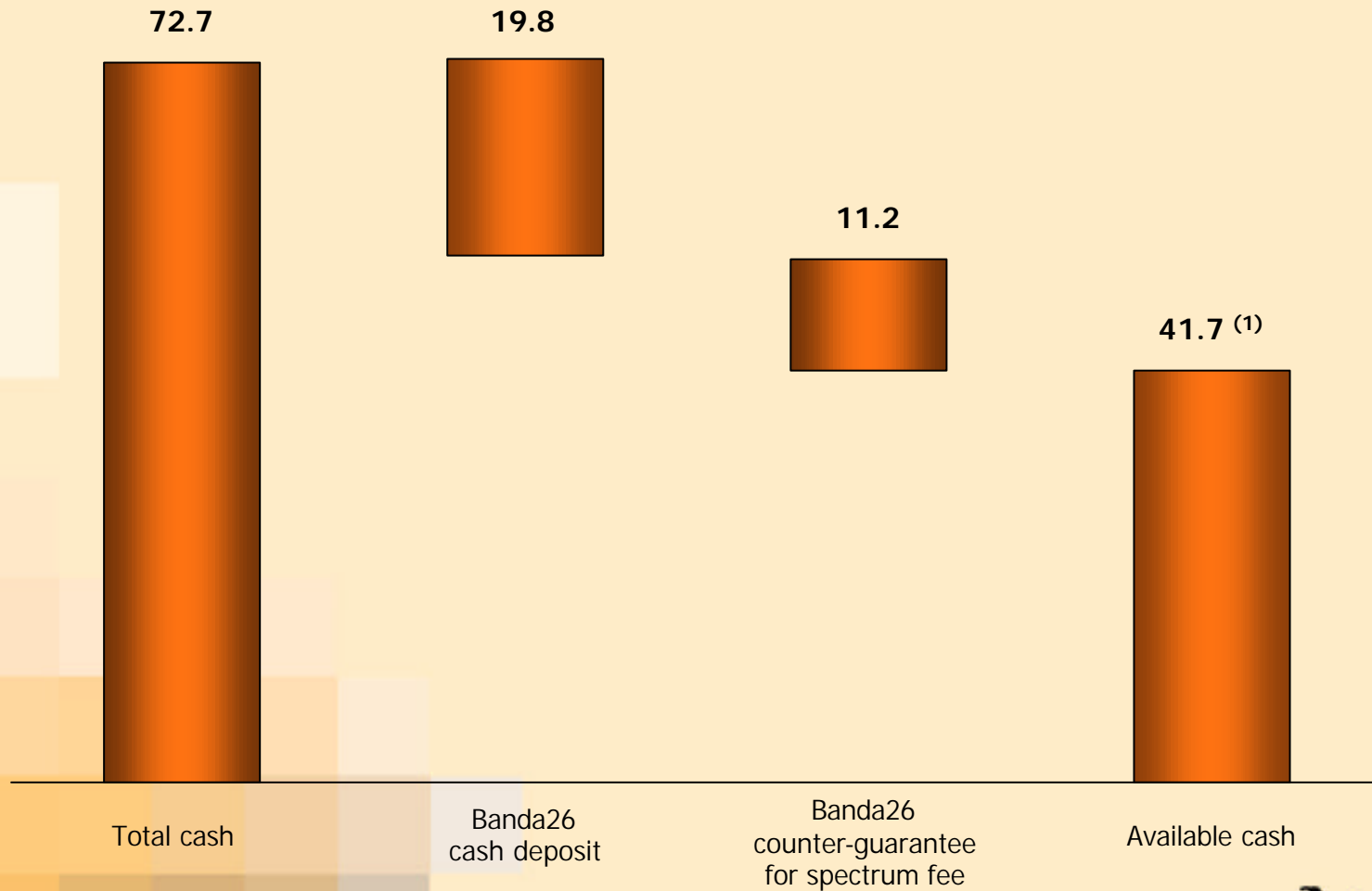
Cash Burn of the Quarter

March 31st 2003; Million Euros



Current Cash Position

March 31st 2003; Million Euros



⁽¹⁾ 15 million Euros are deposited in pledged account as the minimum cash balance required by Senior Credit