

Brazil's Brasil Telecom Talks About Banner Year and 2006 Plans

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Brazilian telecommunication company Brasil Telecom Participações presented the firm's business plan for 2006 to the investment community and financial market professionals at its 2nd Annual Investor Day held in São Paulo, in southeastern Brazil, on December 19, 2005.

The company detailed the procedures adopted by the new management during the 80-day transition period since September 30, 2005, as well as the strategy approved by the Board of Directors on December 16, 2005.

Brasil Telecom's CEO, Ricardo Knoepfelmacher, opened the meeting to investors, analysts and stockholders, through a simultaneous webcast to the international market granting simultaneous access to all interested parties. Currently, Brasil Telecom has a free float of 80%, a significant portion of which is held by international investors.

At the event, Knoepfelmacher discussed the strategy and actions undertaken during the transition phase across several key areas, including: finance, sales and marketing, regulatory issues, human resources, corporate governance, operations, new e-business opportunities, inventory management, internal auditing, legal affairs and institutional relations.

Francisco Santiago, Operations Vice President, introduced the investment community to the Company's operating strategy for each market segment; Luiz Perrone, Vice President for Strategic Planning and Regulatory Matters, talked about the regulatory environment; and Chief Financial Officer and Investor Relations Officer Charles Putz gave a comprehensive account on the expected dynamics for the Company's financial outlook.

Key messages delivered by management on the Company's 2006 initiatives:

* Revenue - the need to offset the revenue erosion in fixed telephony through the growth in other business segments, especially broadband and mobile telephony;

* Operating costs and expenses - plans to optimize expenditures, identify cost saving opportunities and renegotiate contracts, as well as to minimize the capital investments required within the present regulatory environment;

* Capital structure - the intention to reduce the company's weighted average cost of capital and maintain adequate levels of liquidity; and

* Dividend distribution - the need to honor statutory obligations, prioritize shareholder value creation, and optimize tax planning.

Charles Putz shared details of the cost cutting measures taken to offset increases in expenses. Putz stated, "For 2006, Brasil Telecom is expecting a zero to marginal operating expense increase." Capital expenditures for fiscal 2006 are expected to be in excess of 2 billion real where most of the increase is expected to come from regulatory requirements.

The company also discussed plans to protect its fixed voice business, which secures a significant portion of its revenues, and also plans to maintain its current broadband expansion, by offering value-added IP (Internet Protocol) services such as VOIPFone. The company plans to enlarge its customer base in the mobile telephony market by focusing on corporate clients as high end users.

Finally, Brasil Telecom also intends to offer a wider range of new products and advanced services to small and medium enterprises by designing bundled packages.

Recent Achievements

Brasil Telecom achieved two important milestones in December. The company achieved the one million broadband subscriber mark on December 13 and it surpassed the two million wireless subscriber mark in mid December, and according to Brasil Telecom's expectations, this accounts for 8% of Region II's market. Brasil Telecom management anticipates the figure to grow by 30% to 40% in the coming year.

During the conference, management discussed various achievements in 2005, such as the launch of the company's convergent services with Multiconference (combining interactive communications by audio, video and web) and Internet Banking.

In December 2005, the VPN (Virtual Private Networks) convergent technology was launched, allowing companies to

place into the network a PABX (telephone central) for fixed and mobile lines. In 2006, Brasil Telecom foresees the expansion of the VOIPFone (voice over Internet protocol) service. In April of 2006, subscribers are expected to be able to access their corporate e-mails on their mobile phones.

Ricardo Knoepfelmacher

Ricardo Knoepfelmacher was elected CEO of Brasil Telecom on September 30, 2005, and also holds the CEO position for Brasil Telecom Participações SA.

Born in Rio de Janeiro, 39-year old Knoepfelmacher has a degree in Economics from the University of Brasilia and a Master in International Management from Thunderbird AGSIM, Glendale, AZ, USA.

Prior to Brasil Telecom, Mr. Knoepfelmacher was CEO of Caloi and Pegasus Telecom (Telemar). He was also a partner of Angra Partner's Monitor do Brasil and MDGK & Associados. He acted as financial executive at Nutritional and associate consultant and McKinsey & Company, where he worked in restructuring processes for recently privatized companies.

Francisco Aurélio Sampaio Santiago

Francisco Santiago is the Vice President of Operations of Brasil Telecom. He has been an executive officer at Brasil Telecom since 2002 and at Brasil Telecom Participações SA since 2003. During this period, he was Commercial and Network Vice President.

Born in 1954, he has a degree in electricity engineering from the University of Brasília. He joined Telebrás in 1980 and before the company's privatization, he was the Human Resources director and Engineering Director at Telebrasil.

He has a specialization degree in New Telecommunications Technologies by the Escola Nacional Superior de Telecomunicações and by Escola Nacional Superior de Eletricidade of Paris, Telecommunications by the University of Brasilia, Strategy and Planning by Fundação Getúlio Vargas - SP and Marketing Analysis and Planning Course by Warthon School, University of Pennsylvania, USA.

Luiz Francisco T. Perrone

Luiz Perrone is the Vice President for Strategic Planning and Regulatory at Brasil Telecom. He is an electronic engineer by Instituto Tecnológico da Aeronáutica - ITA. He has several extension courses in France, Netherlands and the United States.

He started his career at Telefunken do Brasil and Rhode Und Schwarz (Munich - Germany.) He was part of the National Department of Telecommunications and at Embratel, where he was Services Director and Substitute President.

He was a director at Intelsat (Washington, DC - USA.), and Vice President of Agência Nacional de Telecomunicações (Anatel) from 1997 to 2001. He represented Brazil as Deputy in Chief in several international conferences of Intelsat, Inmarsat, United Nations, UIT, Citel and other telecommunication-related bodies.

Charles Lagana Putz

Charles Putz is Chief Financial Officer, and Administrative and Investor Relations Officer of Brasil Telecom. He has a bachelor's degree in Business and post-graduate in Accounting, Finance and Controlling by FGV (Fundação Getúlio Vargas).

He has a Master in Business Administration by Switzerland's IMD, where he was awarded the Bozz, Allen and Hamilton prize for best-presented essay. He undertook several courses at Wharton and Harvard.

Previous to Brasil Telecom, Putz was president of Crown Corp Tampas Plásticas and Petropar Embalagens. He also held the position of general director for Agaprint and Bacarft, and CFO at Microlite. He was also Corporate Controller and Mergers and Acquisitions officer at Telefônica Group, lastly he formerly was CFO of Telefônica Empresas. He also was a professor at FGV for fifteen years.

Brasil Telecom Participações