



# Cantv Overview

Presentation to the Investor Community

February, 2006



**Compañía Anónima Nacional  
Teléfonos de Venezuela (CANTV)**

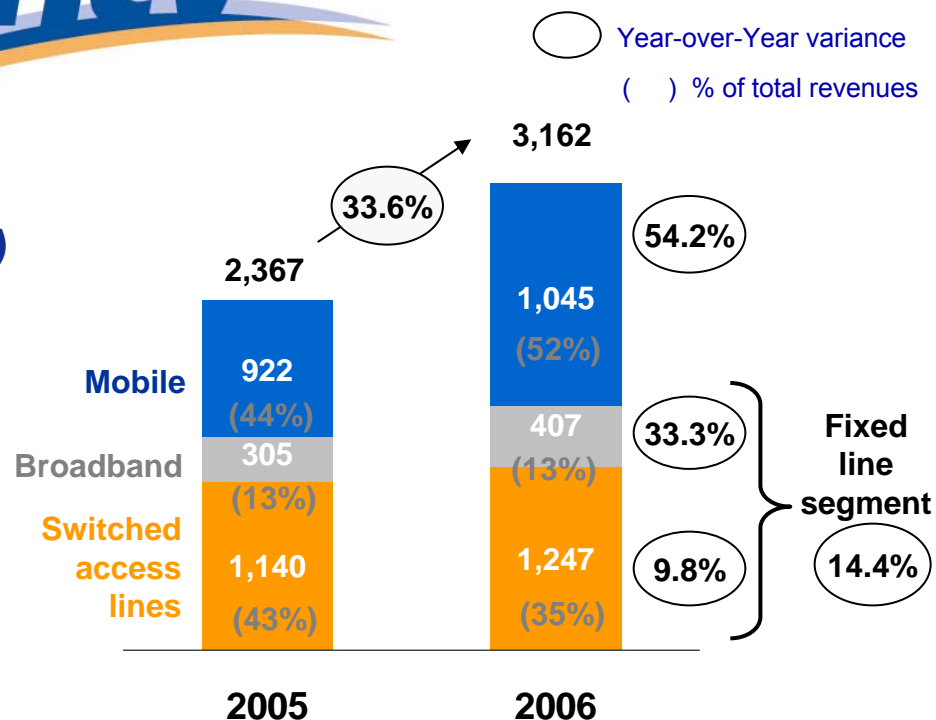
The leading telecommunications services provider in Venezuela and the country's only integrated telecommunications company

**Our Vision:**

*“To be the preferred provider of integrated telecommunications services in Venezuela and to fully satisfy our customers' specific needs, following strict ethical and performance standards”*

**VNT  
LISTED  
NYSE**

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*Strong performance in a market that offers profitable growth opportunities...*



## “Safe Harbor” Statement

**This document contains statements about expected future events and financial results that are forward-looking and subject to risks and uncertainties. Actual results could differ materially from those predicted in such forward-looking statements. Factors which may cause actual results to differ materially from those discussed herein include the impact on Cantv’s business that may result from the Government’s planned nationalization of Cantv, economic considerations that could affect demand for telecommunications services and the ability of the Company to make collections, inflation, regulatory factors, exchange controls and occurrences in currency markets, competition, labor relations, legal proceedings and the risk factors set forth in the Company’s various filings with the Securities and Exchange Commission, including its most recently filed Annual Report on Form 20-F. The Company undertakes no obligation to revise these forward-looking statements to reflect events or circumstances after the date hereof, and claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.**

# Agenda

- **Review of strategy, operative indicators and financial**
  - Country
  - Strategy
  - Fixed Line Service (excluding broadband)
  - Mobile Service
  - Broadband Service
  - Financial
- Legal and organizational structure
- Ownership and governance

# Venezuela snapshot

## Basic indicators (2005)

<b>Total GDP</b>	
Nominal (US\$ billion)	133
Real growth (3 years CAGR)	6.0%
Per capita (US\$)	5,026
<b>Others</b>	
Population (million)	26.5
CPI inflation (YE)	14.4%
Currency	Bolívares (Bs.)
FX (Bs./US\$)	2,150
<b>Country sovereign debt rating (Jun. 2006)</b>	
Fitch	BB-
Moody's	B2
Standard & Poors	B

## Oil relevance - domestic and global

*Oil is important for the Venezuela's economy...*

<b>2005 oil indicators</b>	
Oil exports (US\$ billion)	48,1
% of total exports	87%
% of total fiscal revenues	48%
% of total GDP	16%

## Political structure and economic regime

Form of Government	Democratic, Presidentialist
Next Presidential election	December, 2012
Foreign exchange regime	Controlled
Monetary regime	Prices and interest rates under control
Capital mobility	Subject to the FX regime rules

## Communication industry (2005)

<b>Communication GDP</b>	
Nominal (US\$ billion)	3.6
Real growth (3 years CAGR)	7.8%

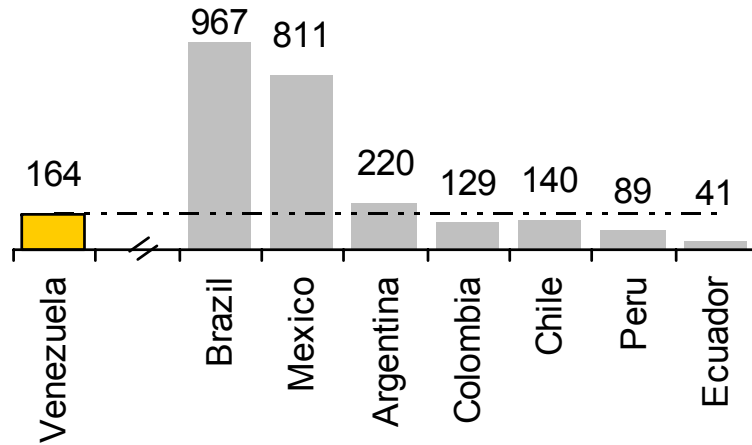
*...and places the country among the world largest oil players*

2005 crude oil indicators	Millions b/d	Global ranking	% of global total
Reserves	79.700	7	7.0%
Production	3,01	7	4.3%
Exports	1,56	9	3.7%

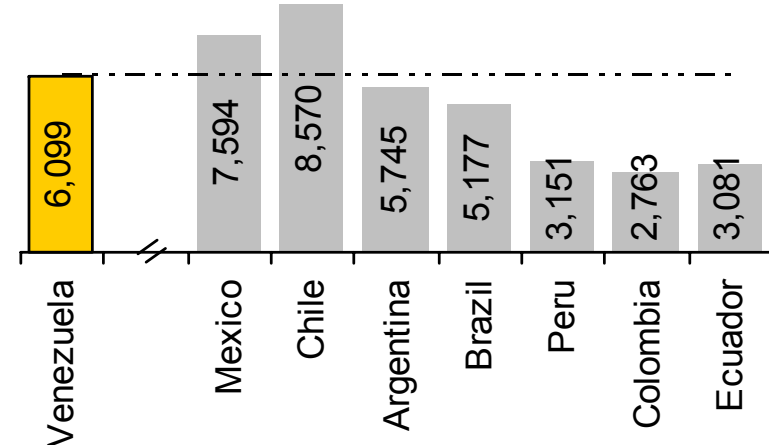
Sources: Central Bank of Venezuela, Ministry of Energy and Petroleum, OPEC, 1999 Constitution, Executive decrees, Fitch, Moody's, Standard & Poors

# Latam. comparisons 2006

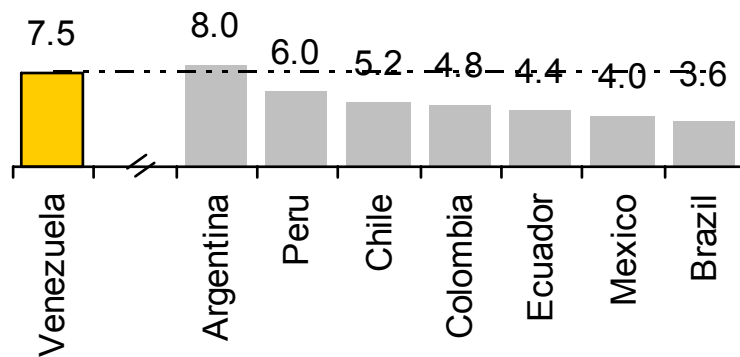
Nominal GDP (US\$ billion)



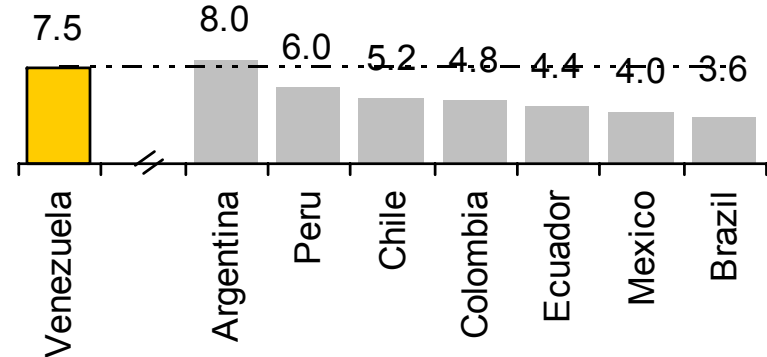
GDP per capita (%)



GDP Growth (%)

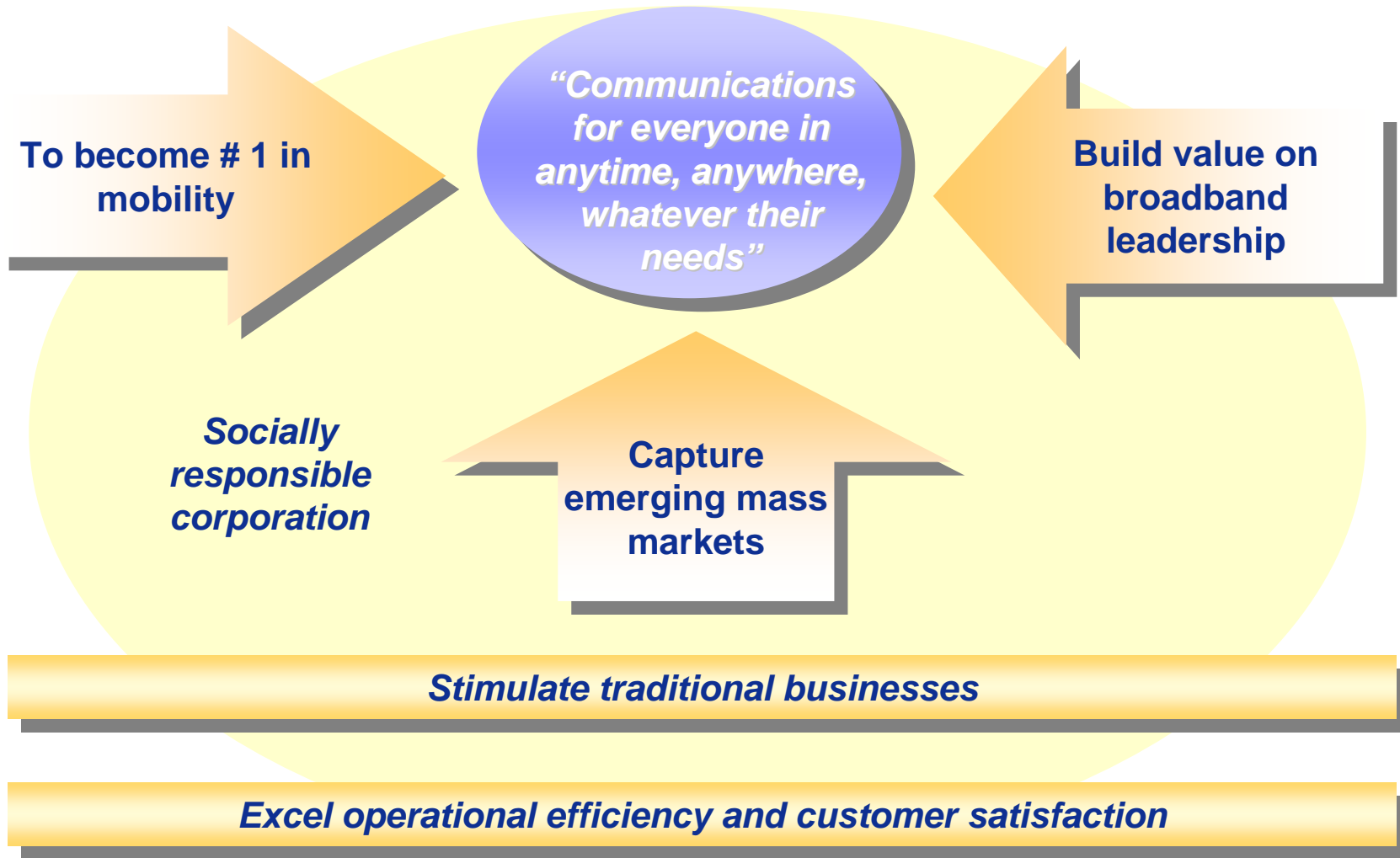


CPI Var. % (Average)



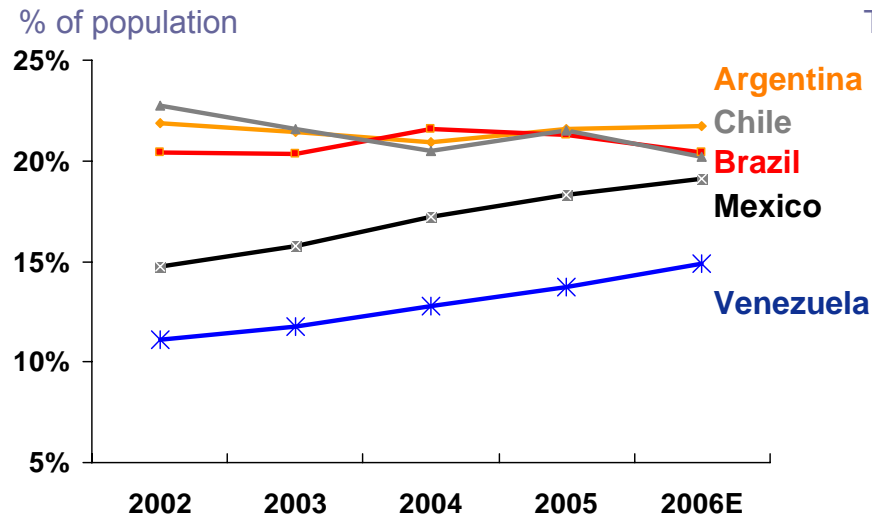
Sources: IMF (World Economic Outlook, September 2006).

# Strategy



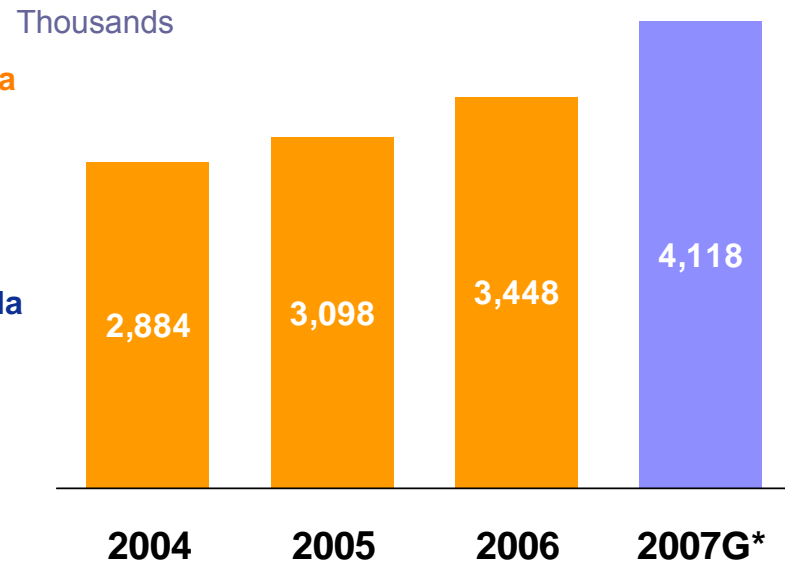
# Fixed Line Service (excluding broadband)

## Fixed lines penetration



Source: Pyramid Research (2001-2003) BMI Research (2004-2005)

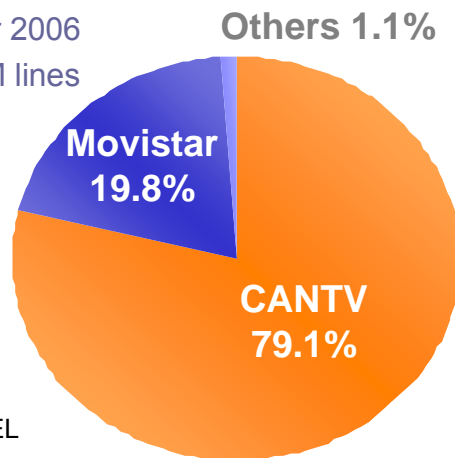
## Cantv Fixed lines in service



\* Marks the middle range of guidance

## Fixed Lines Market Share

As of December 2006  
100% = 4.217 M lines



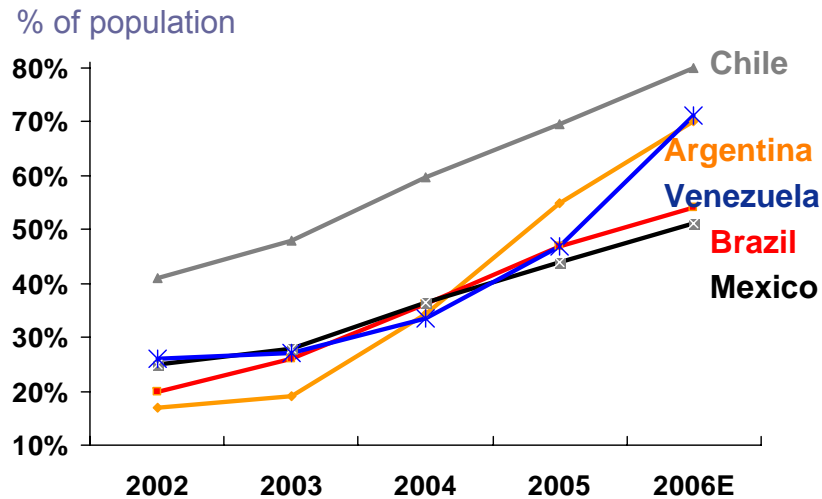
Source: CONATEL

- Lines in service increased 11.3% on YoY expanding our customer base to over 3.4 million
- Our fixed-wireless telephony and prepaid plans are key growth drivers
- Higher number of lines and traffic are offsetting impact of tariff freeze



# Mobile Service

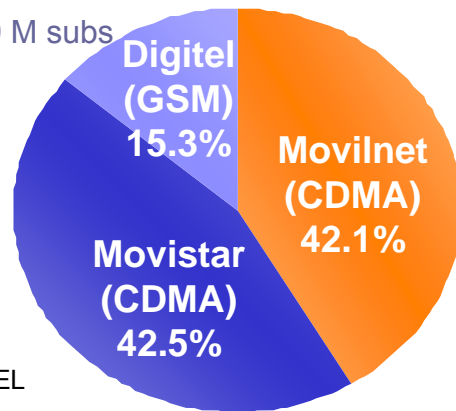
## Mobile lines penetration



Source: Pyramid Research (2001-2003) BMI Research (2004-2006)

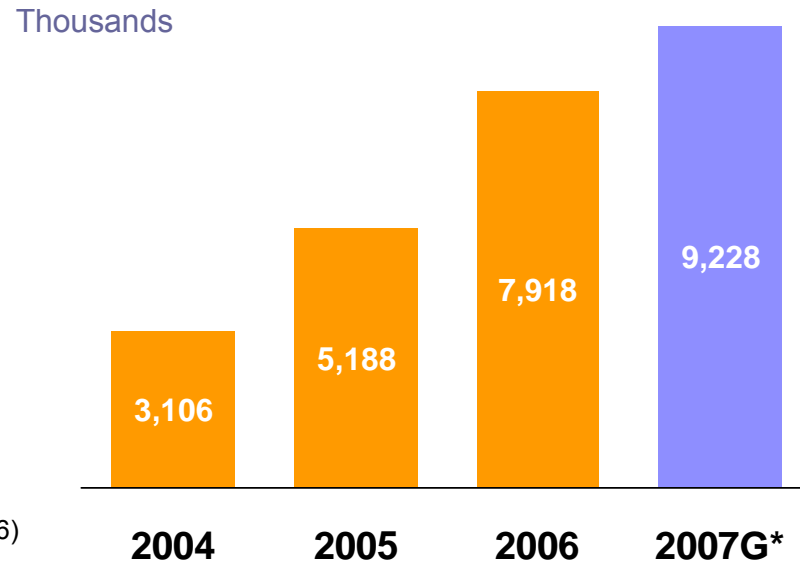
## Mobile Subscribers Market Share

As of December 2006  
100% = 18.789 M subs



Source: CONATEL

## Cantv Mobile (Movilnet) subscribers

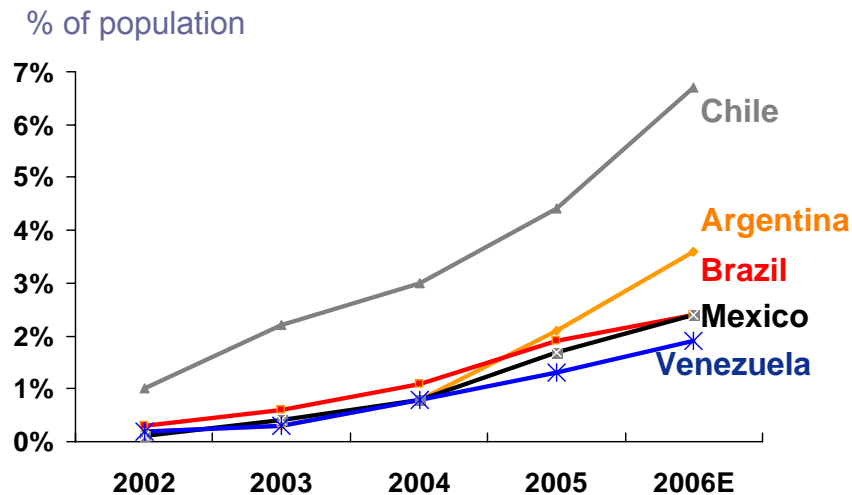


\* Marks the middle range of guidance

- Mobile revenue increased 52.6% YoY in Dec'06 YTD, continuing as our main growth driver
- Net adds in 4Q06 of more than 1,154k take subscriber base nearly 8.0 million
- 4Q06 compared to 4Q05 total usage grew 68.2% and ARPU increased 3.4% driven by higher APRU in all segments

# Broadband Service

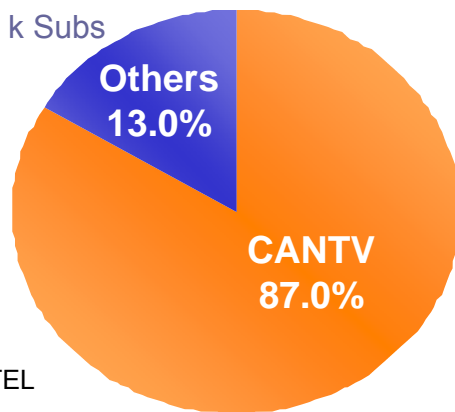
## Broadband subscribers



Source: Business Monitor Online Report – 2006E: Estimated

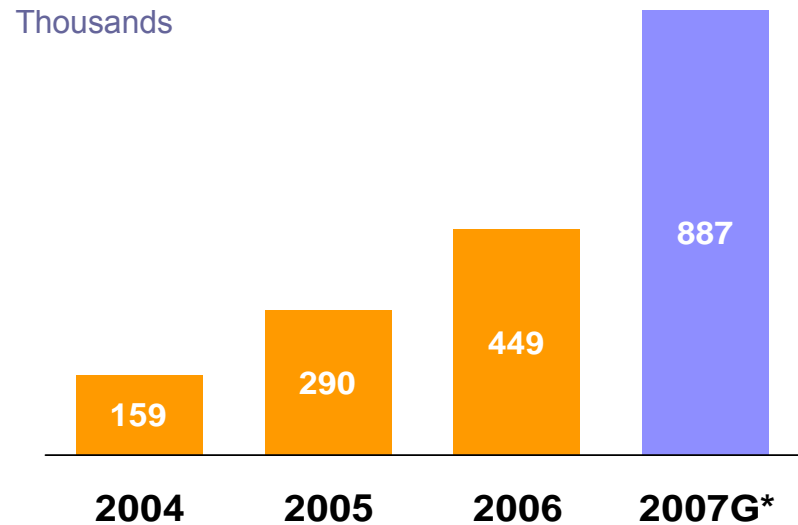
## Broadband Market Share

As of December 2006  
100% = 537.3 k Subs



Source: CONATEL

## Cantv Broadband Subscribers



\* Marks the middle range of guidance

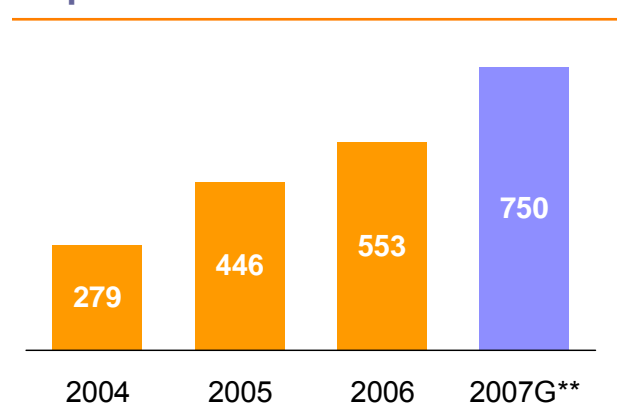
- ADSL (ABA) lines experienced strong increases over the last twelve quarters
- As of December 2006, ABA subscribers totaled 449 thousand lines
- Cantv increased its market share to 87% in 4Q06 from 83% 3Q06
- ADSL and private circuits revenue increased 33.1% YoY in 4Q06

# Financials

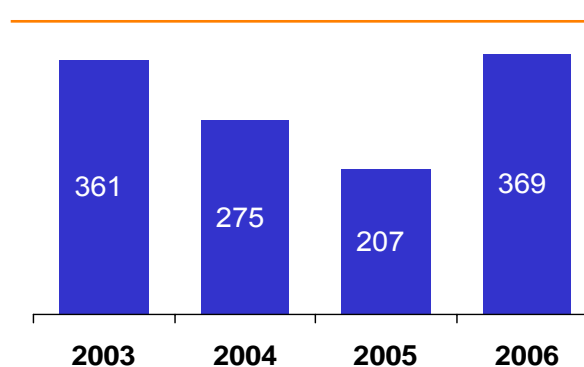
In millions of US\$ \* and growth percentages referred to constant Bs.

	2004	2005	2006	2007G**
<b>Revenue</b>	<b>2,139</b>	<b>2,367</b>	<b>3,162</b>	<b>3,930 – 3,638</b>
<i>Growth (%)</i>	7.2	10.7	33.6	24 – 15
<b>EBITDA</b>	<b>688</b>	<b>345</b>	<b>818</b>	<b>922 – 932</b>
<i>Growth (%)</i>	(4.6)	(49.9)	137.1	13 – 14
<b>Margin (%)</b>	<b>32</b>	<b>15</b>	<b>26</b>	<b>25 – 26</b>
<i>Basis points incr.</i>	(400)	(1,700)	1,100	(100) – 0
<b>Free cash flow</b>	<b>513</b>	<b>322</b>	<b>319</b>	<b>242 – 275</b>
<i>Growth (%)</i>	(14.1)	(21.5)	(0.9)	(24) – (2)
<b>Cash</b>	<b>517</b>	<b>511</b>	<b>536</b>	
<b>Debt</b>	<b>502</b>	<b>620</b>	<b>656</b>	
<b>Net Cash</b>	<b>15</b>	<b>(109)</b>	<b>(120)</b>	
<b>Debt / Equity</b>	<b>0.23</b>	<b>0.36</b>	<b>0.43</b>	

## Capex



## Dividends



\* Translation of financial statements data to US\$ has been performed, solely for the convenience of the reader, converting Bolivar amounts at the official exchange rate at the end of each period.

\*\* 2007 Guidance. For the Capex refer to the middle range

# Capital Expenditures

<i>% of total Capex</i>	2006	% revenue**	2007G*
<b>Fixed Telephony</b>	<b>21</b>	<b>3.7</b>	<b>24</b>
<b>Mobile Telephony</b>	<b>62</b>	<b>10.9</b>	<b>56</b>
<b>Broadband</b>	<b>12</b>	<b>2.0</b>	<b>18</b>
<b>Others</b>	<b>5</b>	<b>0.9</b>	<b>2</b>
	<b>100%</b>	<b>17.5</b>	<b>100%</b>
<b>Total Capex</b>	<b>553</b>		<b>750</b>

\* Marks the middle range of guidance

\*\* % of corresponding 2006 revenue

***Capex is increasing aligned with our growing business 2007 Guidance***

# Ownership and Governance

## Ownership Structure

Class	Shareholders as of May 31, 2005	Shares (thousands)	% Stake
<b>A</b>	Verizon	196,401	25.0%
	Telefónica Venezuela Holding	54,410	6.9%
	Others	367	0.05%
<b>B</b>	Bandes*	51,900	6.6%
<b>C</b>	Employees and retirees	51,518	6.5%**
<b>D</b>	Verizon	28,009	3.6%
	Others ***	404,535	51.4%
		787,140	100.0%

- \* Represents the Venezuelan Government
- \*\* Neutral vote
- \*\*\* Around 90% in the form of ADS

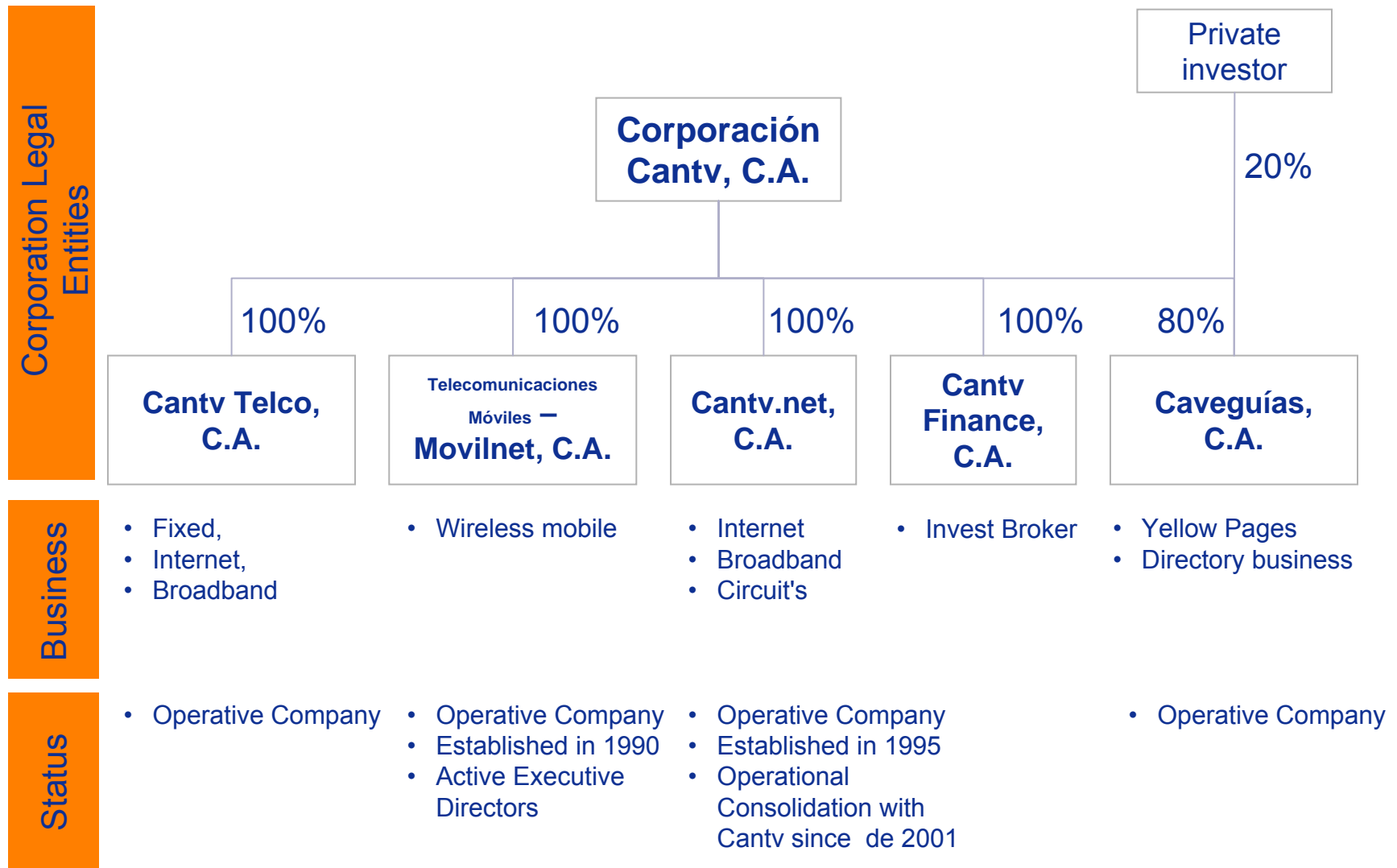
## Board of Directors



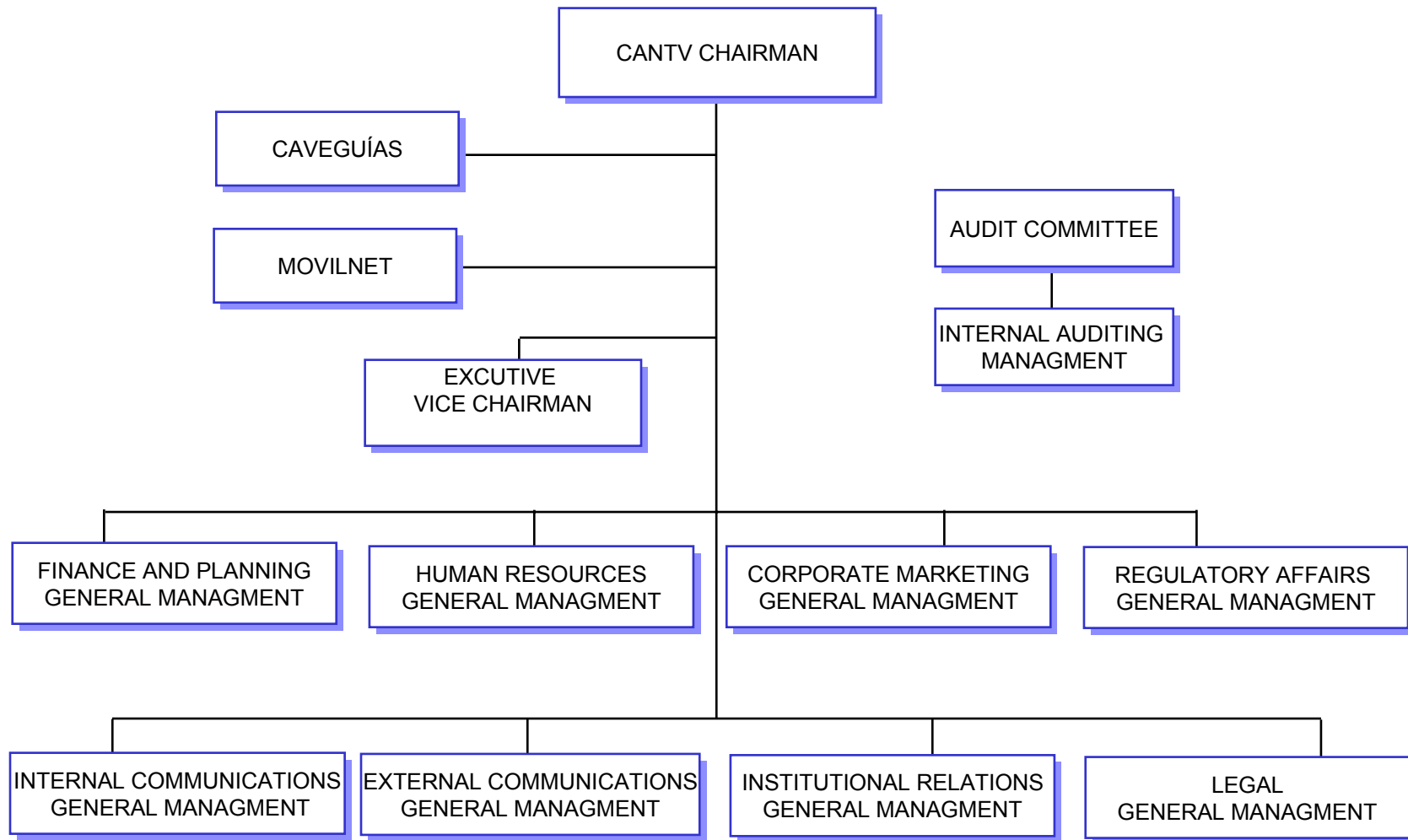
\* Veto rights on certain decisions according to by-laws

***A diversified and supportive shareholder base***

# Legal Structure

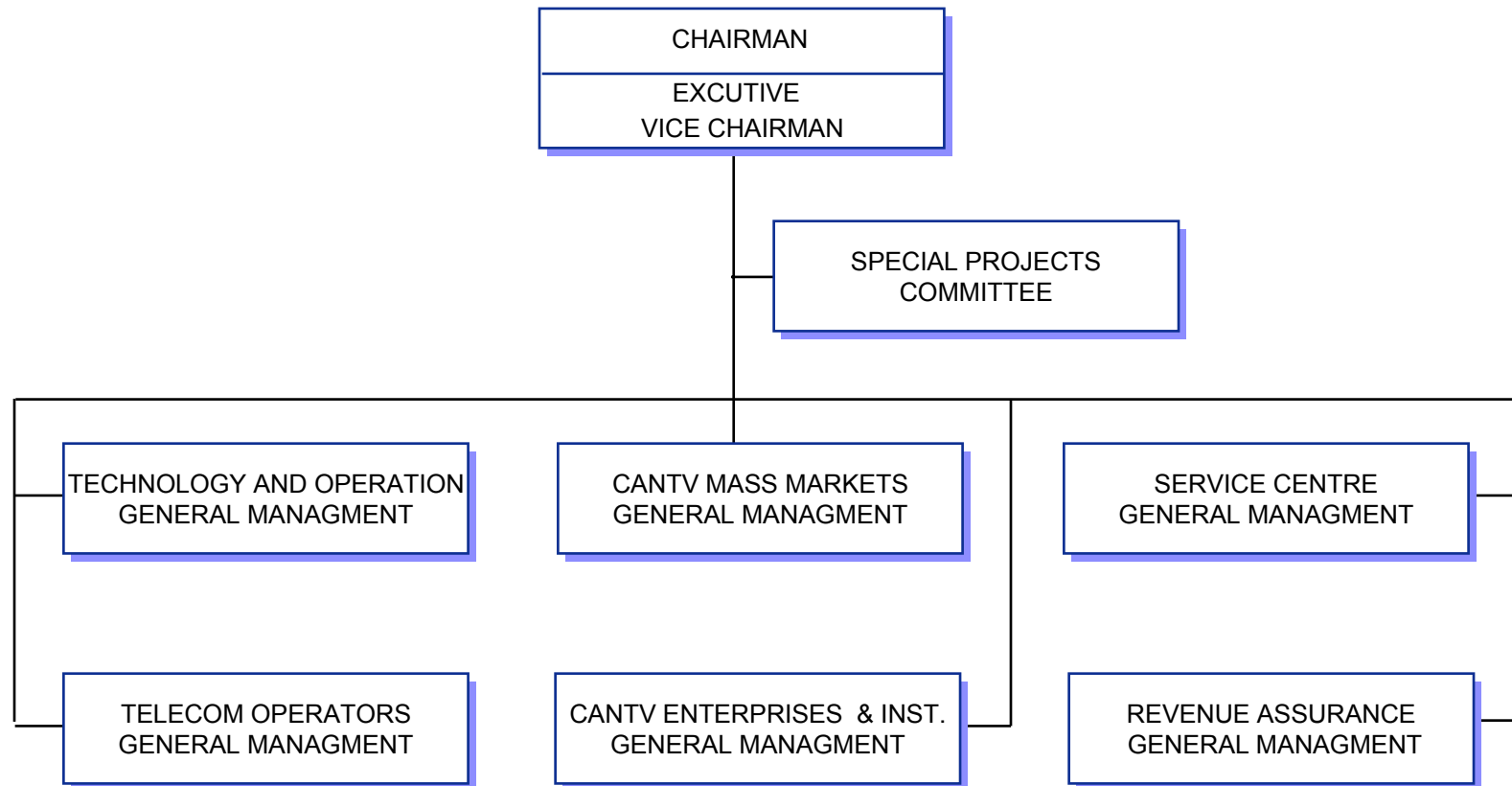


# Organizational Structure of Cantv



# Organizational Structure

## Executive Vice-presidency





***cantv***

The logo for Cantv features the word "cantv" in a bold, italicized, blue sans-serif font. Below the text is a stylized graphic element consisting of two curved lines: a light blue line on top and a yellow line on the bottom, both curving upwards from left to right.