



Telefónica del Sur

Siempre más cerca



TELSUR
74.4%



Telefónica del Sur is the principal telecommunications company in the south of Chile, providing services from Concepción to Coyhaique, with over 317,000 customers.

An important launching by Telefónica del Sur was the “Uno Móvil” service which incorporates the cellular service to its “Superinalámbrico” product. This service, unique in South America, permits the customer to have two functions in one telephone, by joining the characteristics of the “Superinalámbrico” service with the personal cellular number, whatever the company, just by inserting a chip.



+31.4%

The internet and IP digital television customer base grew by 31.4%, reflecting the change toward integrated services

During 2008, Telefónica del Sur focused on developing and perfecting the services offered. For this purpose, it made an alliance with Movistar, enabling Telefónica del Sur to rent its networks and antennas in order to commercialize the mobile telephone service throughout Chile under its own name, and offering international roaming as well. Telefónica del Sur is therefore the first Virtual Mobile Operator in the country and in Latin America, and the fourth mobile operator in Chile.

The agreement will allow Telsur customers to use the mobile service in any part of the country, with the possibility of moving about Chile and the world. In this way, Telefónica del Sur is expanding its communications services and strengthening its commercial range.



Throughout 2008, Telefónica del Sur focused on consolidating its wireless digital television service, WiTV, strengthening its triple play offer and reaching more than 13,000 IP digital television customers, with an annual growth of 144%. This system permits a unique interactivity between the customer and the system and merges the functions of the equipment. In addition to the standard paid television services, it provides access to video and music channels directly from the web, and navigation by internet is also available, while part of the programming grid can be seen on your PC, thanks to a growing number of non-codified channels.

telephone to customers, installed with the same number they had in Chaitén or Futaleufú, so that they could receive calls made to their normal numbers and continue communicated despite being in another town.

2008 Results

Telefónica del Sur's revenues were Ch\$66,133 million in 2008, slightly higher than the Ch\$66,095 million reported in 2007. Sales have remained stable despite a 4% rise in the customer base, because of the migration to aggregated products (triple play) and a highly-competitive industry which has pushed prices downward. Telsur has been



The large volume of investments made in 2008 is worthy of notice, particularly in the broadband network and the television service, which accounted for 55% of total investments.

Telefónica del Sur won the FDT "Transmission network project for intermediate localities in the province of Palena" bidding, which accelerates the process to bridge the current digital gap experienced by inhabitants of the remotest parts of the south of Chile, facilitating access to the various telecommunications services.

In support of the inhabitants of Chaitén who were severely affected by the natural disaster of the volcano's eruption, Telefónica del Sur suspended its telephone service charges. It also made available a "Súper Inalámbrico" portable

competing in the triple play segment since early 2007, strengthening its broadband and IP digital television services, and wireless telephony. Sales from basic and long-distance telephony, on the other hand, have declined due to the substitution by mobile telephony and voice over IP in internet.

IP digital television sales rose by 158.4% to Ch\$2,163 million in 2008 representing 3.3% of total sales. This growth was due to an increase in the number of customers from 5,472 in 2007 to 13,343. Internet sales also continued their positive trend, growing by 5.7% in 2008, with a 20.9% rise in the number of customers. During 2008, Telsur doubled, and then tripled, the broadband navigation speed without any additional cost to customers.



Operating income declined by 30.2% to Ch\$7,999 million, mainly due to the depreciation of the investments made by Telefónica del Sur in extending its wireless network, in user-end equipment, and re-adjustment of the fiber-optic network and infrastructure for internet and digital television services. Costs also rose following the programming costs of the new IP digital television, a product that is still in its development stage and which has not reached its break-even point, higher international broadband costs due to faster speed and growth in the number of customers and higher energy costs.

Non-operating losses rose from Ch\$2,725 million in 2007 to Ch\$2,814 million in 2008. This is mainly explained by a greater charge for price-level restatement as a result of the higher inflation during the year, which was partially offset by higher non-operating income and lower financial expenses.

The net income for 2008 was Ch\$4,005 million, a fall of 40.8% compared to the Ch\$6,764 million reported in 2007. This decrease is attributable to the reduction explained in operating income, plus the larger non-operating loss, partially offset by a reduced tax charge.

