

# Overview of Embratel

---

## **Export Development Canada (EDC)'s Presentation**

Director of Treasury – Oct./2009

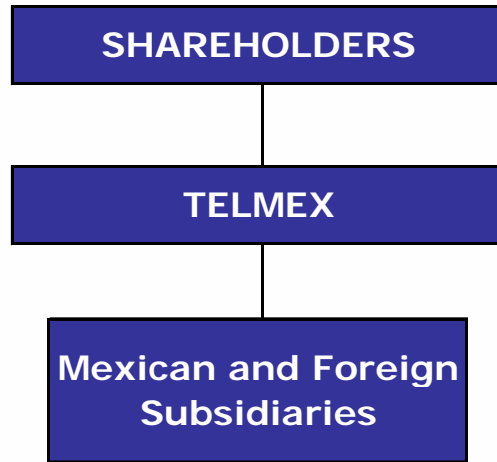
# Overview of Embratel



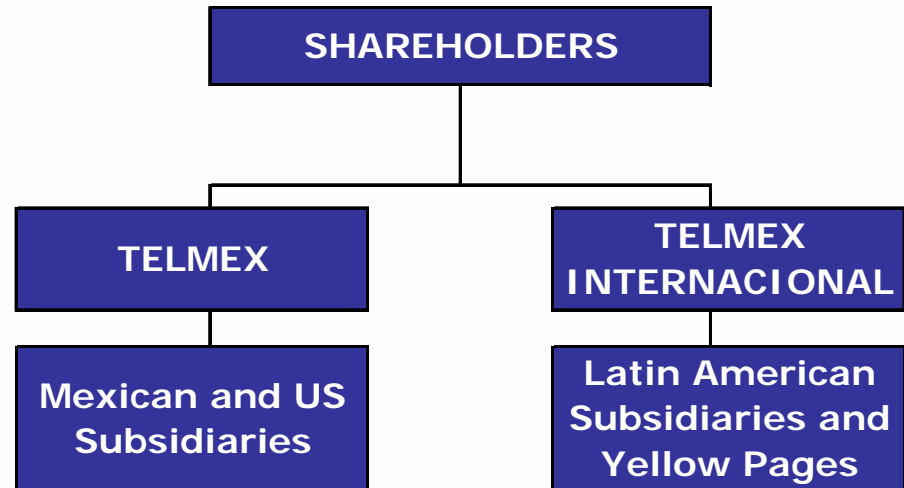
- Embratel was created in 1965, as a state monopoly, with the purpose of integrating the different parts of Brazil through telecommunications.
- In mid-1998 Embratel was privatized, along with other state-owned telecom companies. MCI acquired Embratel's control.
- Teléfonos de México S.A. (Telmex) acquired Embratel's control from MCI in July 2004.
- In 2008 Telmex promoted a spin-off (*Escisión*), creating a new company - Telmex Internacional - which comprehends subsidiaries in Argentina, Brazil, Chile, Colombia, Ecuador, Peru and Uruguay and the yellow pages business in Mexico, USA, Argentina and Peru.
- Embratel is the most important foreign subsidiary of Telmex Internacional, accounting for approximately 77% of its total revenue and 84% of its EBITDA (2Q 2009).

# Telmex Internacional

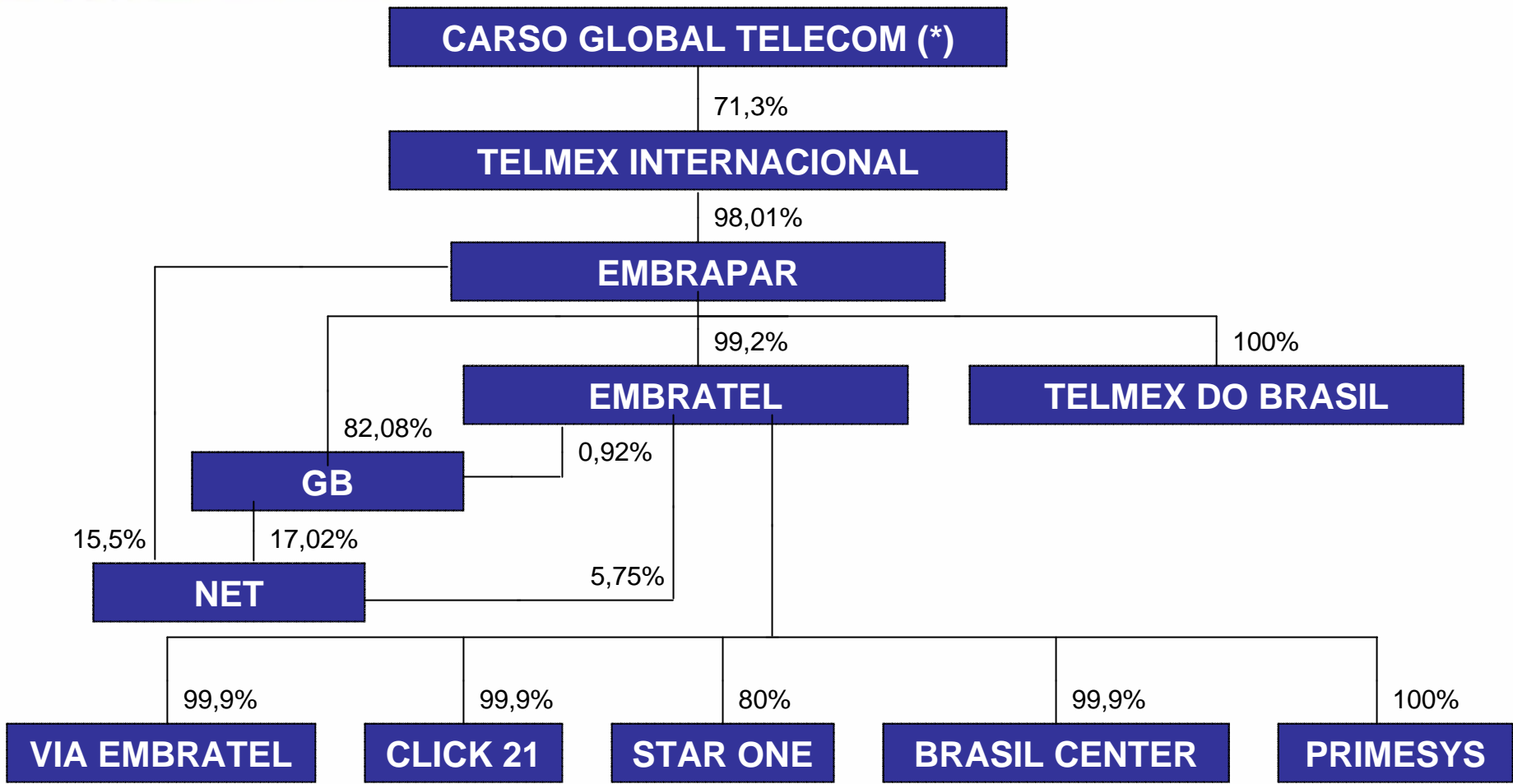
## Before the *Escisión*



## After the *Escisión*



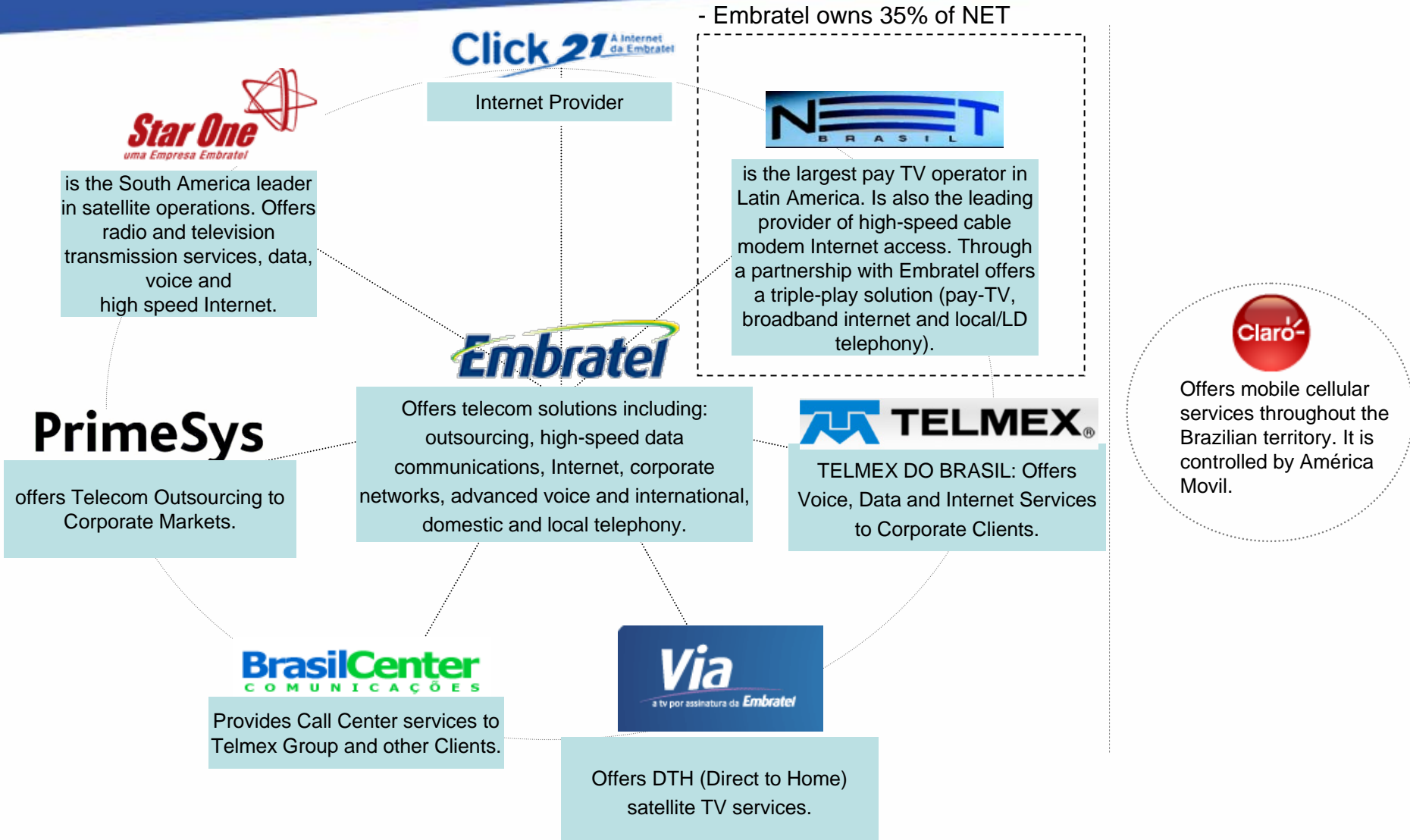
# Shareholder Structure



Carso Global Telecom is the same controller of Telmex. It is controlled by Mr. Carlos Slim Helú and members of his immediate family.

- Embratel, a national reference in communications, offers complete telecommunications solutions to the entire market in Brazil.
- Our principal services offerings include domestic and international long distance, local telephony service, data transmission, direct-to-home (DTH) satellite television services and other communications services, though Embratel is evolving from being a long distance revenue-based company to become an integrated telecommunications provider.
- Through Embratel's high-speed data network, we offer a broad array of products and services to a substantial number of Brazil's 500 largest corporations. In addition, through Embratel's partnership in NET, the largest cable television operator in Brazil, we offer triple-play services (pay-TV, broadband internet and local telephony) to residential customers in Brazil.
- Embratel's network of fiber optics, metropolitan optical rings, submarine cables and satellites is the largest in Brazil.

# Main Subsidiaries and Parent Companies





# STAR ONE's Fleet



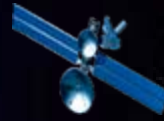
C12  
37,5°W  
C Band - 2005



C1  
65° W  
Ku + C Band  
2007



B1 – Inclined orbit  
68°W



C2  
70° W  
Ku + C Band  
2008



B3  
75°W  
C Band - 1998



B4  
84°W  
C Band - 2000



B2 – Inclined orbit  
92°W

Coverage: entire South America , Mexico, part of Central America and part of Florida.

# Satellite - Ranking

Rank	Company	Country	2007 Revenue	2006 Revenue	Satellites in Orbit	Satellites on Order
1	SES	Luxembourg	\$2,370	\$1,900	37*	9*
2	Intelsat	Bermuda	2,200	2,100	54*	4*
3	Eutelsat	France	1,240	1,050	24*	6
4	Telesat Canada	Canada	684.7	575	12	3
5	JSAT Corp.	Japan	347.4	326	8*	3*
6	Star One	Brazil	207.4	195.8	7*	0
7	Hispasat	Spain	188.6	159.1	3	1
8	SingTel Optus	Australia	172.2	158.4	4	1

Source: SpaceNews (Jul/08)

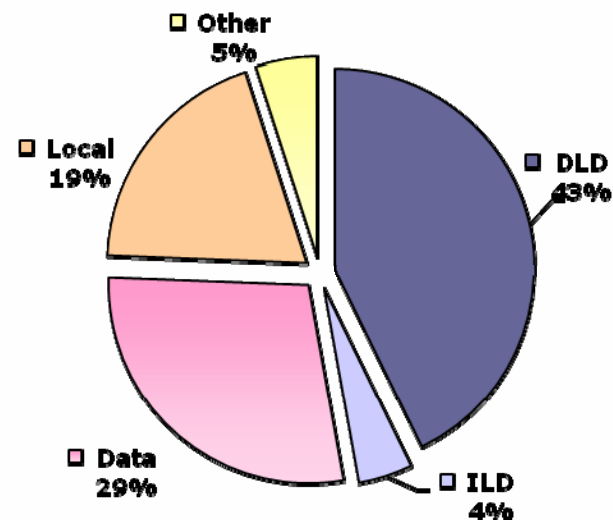
# 1H 2009 - Results

## Highlights

R\$ Millions

	2007 (A)	2008 (B)	1H2008 (C)	1H2009 (D)	Var. % (B/A)	Var. % (D/C)
Net Revenues	8.625	9.777	4.692	5.140	13,4%	9,6%
EBITDA	2.165	2.460	1.178	1.321	13,6%	12,1%
<i>EBITDA margin</i>	25,1%	25,2%	25,1%	25,7%	0,06	0,57
Net Income	789	613	415	620	-22,4%	49,5%
Net Debt	1.649	2.497	1.346	1.767	51,5%	31,3%
<i>Net Debt/EBITDA</i>	0,76	1,02	0,59	0,68	0,25	0,09
CAPEX	1.278	1.803	700	671	41,1%	-4,2%

## Net Revenues – 1H 2009



## Highlights – 1H 2009

- Net revenues increased 9.6%.
- Local services and data communication revenues increased 26.8% and 23.6%, respectively.
- Net Fone, Livre and corporate clients grew 36.8%, reaching more than 6 million clients **on local services**.
- Via Embratel, Embratel's DTH TV satellite service, launched on 1<sup>st</sup> December, had already reached almost **150** thousand clients.

## Employees

	2005	2006	2007	2008	2T2009
Embratel SA	6.798	6.793	7.063	7.371	7.236
Click21	1	1	1	1	1
Vésper	231	3	0	0	0
StarOne	195	188	184	183	177
BrasilCenter	6.159	6.914	8.439	8.232	6.266
Telmex do Brasil	159	2	1	1	0
Primesys	345	367	356	359	263
Via Embratel	--	--	--	139	354
<b>Total</b>	<b>13.888</b>	<b>14.268</b>	<b>16.044</b>	<b>16.286</b>	<b>14.297</b>

# Embratel's - 2009 Capex Projections

In BRL\$ Million

Capex Plan	2009	
Access, Local Infrastructure and local service	898,0	(WIMAX, ROUTERS, CPE MTA, CPE DTH)
Data and Internet Service	292,8	(BACKBONE IP)
Information Technology	56,9	
Network Infrastructure	340,1	(NGN NETWORK)
Star One	12,2	
<b>Total</b>	<b>1.600,0</b>	

# Rating Upgrade to Investment Grade



Rating Moody's			
Issuer / Note	Date	Global Scale	
		Local Currency	Foreign Currency
<b>Embratel</b> (Issuer)	19/8/2003	<b>B1</b>	-
<b>Embratel Notes</b> (Bond)	18/11/2003	-	<b>B2</b>
<b>Embratel Notes</b> (Bond)	9/9/2004	-	<b>B1</b>
<b>Embratel Notes</b> (Bond)	15/3/2006	-	<b>Ba3</b>
<b>Embratel</b> (Issuer)	15/3/2006	<b>Ba3</b>	-
<b>Embratel Notes</b> (Bond)	8/11/2007	-	<b>Baa3</b>
<b>Embratel</b> (Issuer)	8/11/2007	<b>Baa3</b>	-

- Embratel had its rating reinforced by Moody's in May 2009.

Dario Balesdent

[dario@embratel.com.br](mailto:dario@embratel.com.br)

55 (21) 2121-6065