

BRASIL TELECOM HOLDING CO
Form 6-K
February 17, 2005

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 6-K

**REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934**

THROUGH FEBRUARY 17, 2005

(Commission File No. 1-14477)

BRASIL TELECOM PARTICIPAÇÕES S.A.
(Exact name of registrant as specified in its charter)

BRAZIL TELECOM HOLDING COMPANY
(Translation of Registrant's name into English)

**SIA Sul, Área de Serviços Públicos, Lote D, Bloco B
Brasília, D.F., 71.215-000
Federative Republic of Brazil**
(Address of Registrant's principal executive offices)

Indicate by check mark whether the registrant files or will file
annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(1).

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(7).

Indicate by check mark whether the registrant by furnishing the
information contained in this Form is also thereby furnishing the
information to the Commission pursuant to Rule 12g3-2(b) under
the Securities Exchange Act of 1934.

Yes No

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If "Yes" is marked, indicated below the file number assigned to the registrant in connection with Rule 12g3-2(b):

BRTP3: R\$24.80 / 1,000 shares
BRTP4: R\$17.90 / 1,000 shares
BRP: US\$34.47 / ADR
Market Value: R\$7,369.5 million
Closing Price: February 15, 2005

Brasil Telecom Participações S.A.

Consolidated Earnings Release

4th Quarter 2004

Non-audited

Brasília, February 16, 2005.

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QUARTER HIGHLIGHTS

HIGHLIGHTS

535.5 thousand ADSL accesses in service, an increase of 17.4%

622.3 thousand mobile accesses in service

Net revenues grew by 4.5%, reaching R\$2.5 billion

Fixed-line ARPU reached R\$83.9, a 2.6% growth

Mobile telephony ARPU of R\$35

Data communications revenues of R\$374.0 million, a growth of 16.4%

EBITDA of R\$767.0 million

Total fixed-line CAPEX of R\$470.5 million

PCS CAPEX of R\$417.9 million

Net earnings adjusted by the goodwill of R\$73.3 million

Brasília, February 16, 2005 - **Brasil Telecom Participações S.A. (BOVESPA: BRTP3/BRTP4; NYSE: BRP)** announces its consolidated earnings for the fourth quarter of 2004 (4Q04).

Our clients can now experience the CONVERGENCE concept in practice. With the commercial launch of Brasil Telecom GSM, **Brasil Telecom added another service to its portfolio and became a multi-provider of telecommunications solutions** offering a whole range of telecommunications services including fixed-line and mobile telephony, data communications, internet connectivity, data center, and other value-added services.

Our financial statements consolidate the operational results of Brasil Telecom GSM since November 2004, and the results of iG since December 2004.

Operating Performance

Fixed-Line Telephony

Mobile Telephony

Our **network** had 10,737 thousand lines installed at the end of 2004, an increase of 0.1% and 0.5% compared to 3Q04 and 4Q03, respectively.

After its first quarter of operations, our **mobile network** had 622.3 thousand accesses in service, of which 33.1% were **post-paid**.

At the end of the quarter, we had 9,503 thousand **lines in service**.

Data Communications

At the end of 4Q04, we had 535.5 thousand **ADSL accesses in service**, which represents a growth of 89.9% compared to 4Q03.

Local traffic increased 1.6% compared to 3Q04.

Inter-network traffic increased 7.5% compared to 3Q04, mainly due to the VC-2 and VC-3 traffic increase of 35.2% and 50.0%, respectively.

BrTurbo consolidated its leadership in Region II, with 266 thousand clients at the end of 4Q04, a 146% increase compared to 4Q03.

Financial Performance

Net revenues of R\$2,466.1 million in 4Q04; an increment of 4.5% and 19.0% compared to 3Q04's and 4Q03's net revenues, respectively.

Fixed-line ARPU (net revenues/ Avg. LIS/month) of R\$83.9 in 4Q04, compared to R\$81.8 in 3Q04.

Measured service revenues increased by 4.0% compared to 3Q04, reflecting rate adjustments and the increase in traffic.

Mobile telephony revenues (excluding revenues derived from Brasil Telecom S.A.) of R\$87.9 million in 4Q04, including R\$69.7 million in **merchandise sales** (handsets and accessories).

Trailing 12M Highlights

Increase of 89.9% in the ADSL accesses in service

Net revenue grew by 14.5%, to R\$9.1 billion

Data communications revenues reached R\$1.24 billion, a 49.1% growth

EBITDA of R\$3.6 billion, an increase of 7.9%

EBITDA Margin of 39.3%

Net debt 19.2% lower

2004 cost of debt of 11.1% p.a., or 68.7% of the CDI

Free cash flow of R\$744.3 million

Net earnings adjusted by goodwill of R\$376.2 million, a 39.8% growth

Interest on shareholder s equity of R\$393.6 million, an increase of 29.5%

Our ISPs' customer base reached 5 million

Inter-network revenues increased 6.1% compared to the previous quarter, mainly due to increase in fixed-to-mobile traffic and the use of the Carrier Selection Code (CSC) 14 in calls made by mobile operator clients.

Data communications and other services revenues of R\$374.0 million in 4Q04, an increase of 47.8% year-on-year and 16.4% sequentially.

EBITDA in 4Q04 was of R\$767.0 million. The **EBITDA margin** was of 31.1% in 4Q04. The consolidated EBITDA margin, excluding the impact of Brasil Telecom GSM, was of 41.1% in 2004.

As of December 2004, Brasil Telecom s **consolidated total debt** was of R\$4,708.2 million, 3.2% lower than in 3Q04.

Mobile telephony ARPU of R\$35.0 in 4Q04, while the **subscriber acquisition cost** was of R\$205.9 in the same period. Both indicators exceeded expectations.

Interconnection costs totaled R\$647.2 million in 4Q04, a 6.1% increase compared to the previous quarter.

The **dollar-denominated debt** represented 14.5% of the total debt, amounting to R\$681.2 million at the end of 4Q04.

Debt denominated in foreign currency represented 32.3% of total debt.

Brasil Telecom **hedged** 50.4% of its debt denominated in foreign currency, so that 16.3% of its total debt was exposed to exchange rate risk.

R\$ Million	Dec/03	Sep/04	Dec/04	Δ Quarter	Δ 12 Months
Total Debt	3,790.0	4,865.1	4,708.2	-3.2%	24.2%
(-) Cash	1,956.7	3,400.4	3,226.6	-5.1%	64.9%
Net Debt	1,833.3	1,464.7	1,481.6	1.2	-19.2%

The 2004 cost of debt was 11.1% p.a., equivalent to 68.7% of the domestic inter-bank rate (CDI).

Consolidated net debt (excluding inter-company debt and debentures raised from our parent company) was of R\$1,481.6 million, as of December, a reduction of 19.2% in 2004.

Consolidated net debt as a percentage of shareholders equity of 24.2% in 4Q04 compared to 23.3% in 3Q04.

In 4Q04, Brasil Telecom generated a positive operating cash flow of R\$722.8 million.

The trailing 12-month free cash flow was R\$744.3 million, calculated by subtracting from the operating cash flow the cash flow from investment activities and the interest paid.

Net earnings adjusted by goodwill in 4Q04 were R\$73.3 million, compared to net losses of R\$110.6 million in 4Q03. In the year, net earnings adjusted by goodwill were R\$376.2 million, compared to R\$269.2 million in 2003.

Financial Indicators

Financial Indicators	4Q03	3Q04	4Q04	Δ Quarter	Δ 12 Months
EBITDA* / Interest Expenses	6.59	8.24	6.16	-25.2%	-6.5%
Net Debt / EBITDA* (x4)	0.49	0.37	0.48	29.8	-1.0%
Total Debt / (EBITDA* + Financial Revenue) (x4)	0.91	1.14	1.21	6.2%	33.6%
EBITDA* (x4) / Lines in Service	R\$ 381	R\$410	R\$323	-21.3%	-15.4%
EBITDA* (x4) / Employees (thousand)	R\$ 723	R\$715	R\$529	-26.1%	-26.9%

* EBITDA without effects of non-recurrent itens.

INCOME STATEMENTS**Table 1: Consolidated Income Statement - Brasil Telecom Participacoes S.A.**

R\$ Million	4Q03	3Q04	4Q04	Δ Quarter	Δ 12 Months	12M03	12M04	Δ Year
GROSS REVENUES	2,899.8	3,315.2	3,502.0	5.6%	20.8%	11,077.4	12,763.4	15.2%
Fixed Telephony	2,646.7	2,993.8	3,040.1	1.5%	14.9%	10,247.5	11,438.1	11.6%
Local Service	1,162.7	1,218.3	1,262.5	3.6%	8.6%	4,432.6	4,710.8	6.3%
Public Telephony	115.4	128.4	123.2	-4.0%	6.8%	394.5	478.8	21.4%
Long Distance Service	377.1	478.3	444.9	-7.0%	18.0%	1,450.5	1,723.7	18.8%
Fixed-Mobile Calls	613.9	805.5	854.4	6.1	39.2%	2,536.0	3,100.2	22.2%
Interconnection	215.7	182.6	178.1	-2.4%	-17.4%	835.3	731.3	-12.5%
Lease of Means	60.9	53.9	66.7	23.6	9.5%	215.5	239.1	11.00%
Supplementary and Value Added Services	94.0	117.2	100.7	-14.1%	7.0%	356.4	421.0	18.1%
Other	7.0	9.7	9.7	-0.7%	38.3%	26.7	33.2	24.4%
Mobile Telephony	-	-	87.9	N.A.	N.A.	-	87.9	N.A.
Data Transmission	253.1	321.3	374.0	16.4	47.8%	829.9	1,237.4	49.1%
Deductions	(826.6)	(954.3)	(1,036.0)	8.6%	25.3%	(3,162.2)	(3,698.6)	17.0%
NET REVENUES	2,073.2	2,360.9	2,466.1	4.5%	19.0%	7,915.2	9,064.9	14.5%
COSTS & OPERATING EXPENSES	(1,498.9)	(1,376.5)	(1,699.1)	23.4	13.4%	(4,611.1)	(5,499.4)	19.3%
Personnel	(145.7)	(106.1)	(125.3)	18.2	-14.0%	(434.1)	(428.2)	-1.4%
Materials	(24.6)	(23.6)	(137.3)	483.0	458.0%	(89.8)	(208.7)	132.5%
Subcontracted Services	(365.1)	(369.5)	(486.3)	31.6	33.2%	(1,297.0)	(1,578.4)	21.7%
Interconnection	(461.3)	(610.2)	(647.2)	6.1	40.3%	(1,772.1)	(2,298.9)	29.7%
Advertising and Marketing	(28.3)	(31.4)	(53.5)	70.3	89.3%	(85.5)	(133.6)	56.2%
Provisions and Losses	(410.6)	(163.7)	(256.4)	56.7	-37.5%	(658.0)	(665.7)	1.2%
Other	(63.3)	(72.1)	7.1	N.A.	N.A.	(274.6)	(186.0)	-32.3%
EBITDA	574.3	984.4	767.0	-22.1%	33.6%	3,304.1	3,565.4	7.9%
Depreciation and Amortization	(505.0)	(626.5)	(639.4)	2.1	26.6%	(2,081.6)	(2,463.9)	18.4%
OPERATING PROFIT BEFORE FINANCIAL RESULT	69.3	358.0	127.6	-64.4%	84.2%	1,222.5	1,101.5	-9.9%
Financial Result	(236.2)	(98.3)	(356.9)	263.2	51.1%	(914.1)	(793.4)	-13.2%

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Financial Revenues	106.6	82.4	205.2	149.2	92.5%	395.8	616.9	55.9%
Financial Expenses	(244.6)	(180.6)	(324.4)	79.6	32.6%	(1,005.9)	(1,016.7)	1.1%
Interest on Shareholders' Equity	(98.2)	-	(237.8)	N.A.	142.1%	(304.0)	(393.6)	29.5%
OPERATING PROFIT AFTER FINANCIAL RESULT	(166.9)	259.7	(229.3)	N.A.	37.4%	308.4	308.1	-0.1%
Non-Operating Revenues (Expenses)	(365.5)	(33.3)	9.9	N.A.	N.A.	(473.4)	(168.0)	-64.5%
Goodwill Amortization - CRT Acquisition	(31.0)	(31.0)	(31.0)	0.0%	0.0%	(124.0)	(124.0)	0.0%
Other	(334.5)	(2.3)	40.9	N.A.	N.A.	(349.4)	(44.0)	-87.4%
EARNINGS BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES	(532.5)	226.4	(219.4)	N.A.	-58.8%	(165.0)	140.0	N.A.
Income and Social Contribution Taxes	154.7	(90.5)	51.0	N.A.	-67.0%	1.4	(120.9)	N.A.
EARNINGS BEFORE PROFIT SHARING	(377.8)	135.8	(168.4)	N.A.	-55.4%	(163.7)	19.1	N.A.
Profit Sharing	32.4	(13.6)	(14.8)	8.8	N.A.	(3.5)	(58.1)	N.A.
Minority Interest	105.6	(37.0)	(13.0)	-65.0%	N.A.	8.4	(102.4)	N.A.
EARNINGS BEFORE REVERSION OF INTEREST ON SHAREHOLDERS' EQUITY	(239.8)	85.2	(196.2)	N.A.	-18.2%	(158.8)	(141.4)	-11.0%
Reversion of Interest on Shareholders' Equity	98.2	-	237.8	N.A.	142.1%	304.0	393.6	29.5%
NET EARNINGS	(141.6)	85.2	41.6	-51.2%	N.A.	145.1	252.2	73.8%
Goodwill Amortization - CRT Acquisition	31.0	31.0	31.0	0.0	0.0%	124.0	124.0	0.0%
NET EARNINGS ADJUSTED BY GOODWILL AMORTIZATION	(110.6)	116.2	72.6	-37.5%	N.A.	269.2	376.2	39.8%

Net Earnings (Losses)/1,000 shares - R\$	(0.3971)	0.2367	0.1155	-51.2%	N.A.	0.4069	0.7005	72.2%
Net Earnings (Losses)/ADR - US\$	(0.6872)	0.4140	0.2176	-47.4%	N.A.	0.7042	1.3196	87.4%

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Table 2: Consolidated Income Statement - Brasil Telecom GSM

R\$ Million	4Q04
GROSS REVENUES	102.3
Subscription	10.2
Utilization	5.7
Roaming	0.2
Interconnection	16.0
Other Revenues	0.2
Data Transmission	0.3
Merchandise Sales (Handsets and Accessorie	69.7
Deductions	(23.3)
NET REVENUES	79.0
COSTS & OPERATING EXPENSES	(223.6)
Personnel	(11.5)
Materials	(116.0)
Subcontracted Services	(43.9)
Interconnection	(7.8)
Advertising and Marketing	(24.2)
Provisions and Losses	(1.9)
Other	(18.3)
EBITDA	(144.6)
Depreciation and Amortization	(28.7)
OPERATING PROFIT BEFORE FINANCIAL RESULT	(173.3)
Financial Result	(6.5)
Financial Revenues	11.1
Financial Expenses	(17.6)

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EARNINGS BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES	(179.8)
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Income and Social Contribution Taxes	60.7
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NET EARNINGS (LOSSES)	(119.1)
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Note: Statement does not consider inter-company eliminations with Brasil Telecom S.A.

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Operating Performance

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Fixed-Line Telephony

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Network

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Table 3: Network

PLANT	4Q03	3Q04	4Q04	Δ Quarter	Δ 12 Months
Lines Installed (Thousand)	10,686.5	10,725.4	10,737.2	0.1%	0.5%
Additional Lines Installed (Thousand)	8.9	13.8	11.8	-14.1%	33.0%
Lines in Service - LIS (Thousand)	9,850.9	9,604.3	9,503.1	-1.1%	-3.5%
Residential	7,166.1	6,685.4	6,444.9	-3.6%	-10.1%
Non-Residential	1,565.6	1,451.5	1,433.0	-1.3%	-8.5%
Public Telephones	296.3	296.0	295.9	0.0%	-0.1%
Pre-paid	266.4	284.6	297.1	4.4%	11.5%
Hybrid Terminals	10.8	267.2	408.3	52.8%	N.A.
Other (including PBX)	545.7	619.5	623.9	0.7%	14.3%
Additional LIS (Thousand)	41.7	(42.4)	(101.2)	138.6%	N.A.
Average LIS (Thousand)	9,830.0	9,625.5	9,553.7	-0.7%	-2.8%
LIS/100 Inhabitants	23.4	22.7	22.4	-1.3%	-4.3%
Public Telephones/ 1,000 Inhabitants	7.0	7.0	7.0	-0.3%	-1.0%
Public Telephones/100 Lines Installed	2.8	2.8	2.8	-0.1%	-0.60%

Utilization Rate	92.2%	89.5%	88.5%	-1.0 p.p.	-3.7 p.p.
Digitization Rate	99.0%	99.6%	99.7%	0.1 p.p.	0.7 p.p.

Fixed-line Network

In 4Q04, Brasil Telecom installed 11.8 thousand lines, closing the quarter with 10.7 million terminals, an increase of 50.7 thousand lines from the same period in 2003.

The plant in service totaled 9.5 million lines in 4Q04. Brasil Telecom continued the process of detecting delinquent lines, disconnecting lines without prospects of returning to the active base in the medium term and transferring some of the clients who negotiated their obligations to the hybrid plan (LigMix).

Additionally, the increase of 52.8% in the number of hybrid terminals was a result of the Company's initiative to encourage the migration of clients that were on default or who subscribed to alternative plans. Over the past quarters, Brasil Telecom has been concentrating its efforts to identify the usage profile of its clients, allocating them to the appropriate plan with the objective of reducing delinquency and increasing fixed-line telephony ARPU.

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Traffic

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Table 4: Traffic

TRAFFIC	4Q03	3Q04	4Q04	Δ Quarter	Δ 12 Months
Exceeding Local Pulses (Million)	2,927.4	2,730.0	2,772.5	1.6%	-5.3%
Long Distance Minutes (Million)	1,559.4	1,638.0	1,436.5	-12.3%	-7.9%
Fixed-Mobile Minutes (Million)	991.0	1,098.4	1,180.3	7.5%	19.1%
Exceeding Pulses/Average LIS/Month	99.3	94.5	96.7	2.3%	-2.5%
LD Minutes/Average LIS/Month	52.9	56.7	50.1	-11.6%	-5.2%
Fixed-Mobile Minutes/Average LIS/Month	33.6	38.0	41.2	8.3%	22.6%

Billed Pulses

Billed pulses traffic (exceeding local pulses) increased by 1.6% compared to 3Q04, to 2.8 billion. Local traffic has increased for the third quarter in a row.

Long Distance Traffic

Since September, a new regulation approved by Anatel has been effective, establishing a new division of the fixed-line telephony local areas in the country. According to this regulation, calls between close localities (conurbations), which were previously considered long distance calls, are now considered local calls. Although this change has affected long distance traffic, it did not have the same impact on billed pulses

traffic, as the majority of this local traffic is used as part of the monthly free minutes to which subscribers are eligible. As a result long distance traffic decreased by 12.3% quarter-on-quarter, to 1.4 billion minutes.

LD Market Share

Brasil Telecom closed the fiscal year 2004 well positioned in the long distance segment, with a 48.9% and 26.6% (quarterly average) market share in the interregional and international long distance segments, achieved in last than one year of operations.

Sequentially, our quarterly average long distance market share increased 0.4 p.p. in the intra-state segment and 1.4 p.p. in the inter-state segment, to 91.2% and 82.3%, respectively.

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Graph 1: DLD Market Share*

* Historical data has been updated to reflect the exclusion of traffic generated by administrative-use terminals and public telephones.

Inter-Network Traffic

Inter-network traffic increased by 7.5% in 4Q04 compared to 3Q04, mainly due to the 16.3% increase in the number of mobile phones in the Region in the quarter, to 19.7 million mobile accesses in service at the end 2004, of which 3.2% were part of Brasil Telecom GSM's network.

The use of the CSC 14 in calls made from mobile phones and the use of the CSC 14 in calls terminating outside Region II resulted in a change of profile in the inter-network traffic throughout the year. **Of the total inter-network traffic in the 4Q04, 76.8% corresponded to VC-1 calls, while 15.1% corresponded to VC-2 calls and 8.2% to VC-3 calls.** A year ago, VC-2 and VC-3 calls corresponded to only 6.4% and 1.5%, respectively.

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Mobile Telephony

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Table 5: Operational Data

Key Operational Data	4Q04
Clients	622,295
Post-Paid	205,716
Pre-Paid	416,579
Gross Additions	626,526
Post-Paid	209,497
Pre-Paid	417,029
Cancellations	4,231
Post-Paid	3,781
Pre-Paid	450

Annualized Churn	1.4%
Market Share	3.2%
Served Localities	626
Base Stations	1,632
Switches	3
Employees	881

Mobile Network

The launch of Brasil Telecom GSM was a success, exceeding all expectations in its first quarter of commercial operations. At the end of 4Q04, the mobile network had 622.3 thousand accesses in service. Christmas sales, leveraged by the Pula-Pula launch promotion, resulted in net adds of 368.4 thousand in December.

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Graph 2: Mobile Network

Client Base Mix

The mobile network had 205.7 thousand post-paid subscribers at the end of 4Q04, or 33.1% of the client base. This mix reflects good brand awareness in the corporate segment and the attentiveness of our clients to the benefits of convergence.

Market Share

At the end of 4Q04, Brasil Telecom GSM achieved a 3.2% market share in its operational area.

Coverage

In deciding to initiate its commercial operations with a wide GSM coverage, Brasil Telecom covered 626 localities with its mobile operations at the end of 4Q04, which represented 81.2% of the population of Region II.

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Data Communications

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Broadband

ADSL Accesses

Brasil Telecom increased its ADSL accesses in service by 89.9% in one year, to 535.5 thousand accesses at the end of 4Q04.

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Graph 3: ADSL Accesses

[Table of Contents](#)**Internet Providers**

Together, our internet service providers - iG, iBest and BrTurbo - served approximately 5 million clients at the end of 4Q04, which make us **the largest internet service provider in Latin America and one of the 15 largest providers worldwide.**

BrTurbo

BrTurbo consolidated its broadband market leadership in Region II, with 266 thousand clients at the end of 4Q04, 146% higher than in 4Q03. As a result, approximately 50% of the ADSL accesses we provide in Region II are to our BrTurbo customers.

iBest

iBest is the leading free internet company in Region II with a 43% market share at the end of 4Q04. With 1.6 million active users, iBest is the second largest dial-up internet access provider in Brazil. In 2004, iBest generated 16.6 billion minutes and organized the largest Internet Award in Brazil, the Prêmio iBest, with more than 25 thousand registered websites.

iG

At the end of 4Q04, **iG had more than three million active users and 7.7 million active email accounts.** Besides being the largest dial-up internet access provider in Brazil, iG is also the largest wireless content portal, with a **market share of more than 30%.**

[Table of Contents](#)**Financial Performance**[Table of Contents](#)**Revenues**[Table of Contents](#)**Table 6: Consolidated Operating Gross Revenues**

R\$ Million	4Q03	3Q04	4Q04	Δ Quarter	Δ 12 Months	12MO3	12M04	Δ Year
GROSS REVENUES	2,899.8	3,315.2	3,502.0	5.6%	20.8%	11,077.4	12,763.4	15.2%
FIXED TELEPHONY	2,646.7	2,993.8	3,040.1	1.5%	14.9%	10,247.5	11,438.1	11.6%
Local Service	1,162.7	1,218.3	1,262.5	3.6%	8.6%	4,432.6	4,710.8	6.3%
Activation	8.9							