

BRASIL TELECOM SA  
Form 6-K  
May 09, 2006

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

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**FORM 6-K**

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

**THROUGH MAY 9, 2006**

**(Commission File No. 1-15256)**

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**BRASIL TELECOM S.A.**

*(Exact name of Registrant as specified in its Charter)*

**BRAZIL TELECOM COMPANY**

*(Translation of Registrant's name into English)*

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**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)*

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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):

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**Brasil Telecom S.A.**

1<sup>st</sup> Quarter 2006 Earnings Release

**Gross Revenue (R\$ million)**

*5.4% increase in comparison with 1Q05*

*Expansion of BrT's mobile subscriber base*

*Decrease in comparison with 4Q05 due to:*

- Seasonal factor*
- TU-RL (Local Network Usage Rate) 19% drop*
- Renegotiation of ISPs traffic contracts*

**Gross Revenue (R\$ million)**

**1Q05 vs 1Q06 Evolution**

- 2 -

**Fixed Voice**

*Demand for fixed line is met*

*Hybrid terminal represents 8.7% of LIS*

- 3 -

CAGR - Compounded Annual Growth Rate

**Broadband**

*ADSL revenues account for 40.8% of data revenues*

*11.4% penetration of LIS*

- 4 -

CAGR - Compounded Annual Growth Rate

**Mobile Telephony**

*9.4% of market share and 33.3% of post-paid accesses*

*Decrease in handsets and accessories sales*

*ARPU = R\$ 26.6 and SAC = R\$ 136.6*

- 5 -

ARPU - Average Revenue Per User  
SAC - Subscriber Acquisition Cost  
CQGR - Compounded Quarterly Growth Rate



**Operating costs and expenses (R\$ million)**

*Labor severance costs and expenses*

*Interconnection cost decrease*

- 6 -

Excluding Depreciation and Amortization

**EBITDA (R\$ million)**

*Positive impact: BrT mobile performance*

*Negative impacts: 19% TU-RL decrease, charges from the extension of the concession contracts, seasonal factors*

- 7 -

EBITDA: Earnings before interests, taxes, depreciation and amortization

**Net Income (R\$ million)**

*Net income of R\$ 0.0922/1,000 shares and US\$ 0.2121/ADR*

**Net Debt (R\$ million)**

*Suppliers and JSCP payment*

*Net Debt / Net Equity = 46.9%*

*Cost equivalent to 9.3% p.a. in 1Q06*

**Capex (R\$ million)**

*CAPEX/Gross Revenue = 5.9% in 1Q06*

*Suppliers contracts under renegotiation process*

- 10 -

**Additional Information**

*Renegotiation processes brings significant gains and already reduces costs in equipment purchases which amount to R\$ 170 million in CAPEX*

*Expectation of additional benefits in CAPEX and OPEX during 2006, establishing a new level for 2007*

*Revision of guidance for 2006:*

*EBITDA Margin: increase from 33% to 34% (trend )*

*CAPEX: reduction from R\$2.3 2.5 billion to R\$ 2.16 billion (trend )*

*Mobile telephony: increase in subscriber base from 3.0 million to approximately 3.3 million (a 50% growth in 2006)*

This presentation contains forward -looking statements. Such statements are not statements of historical fact, and reflect the beliefs and expectations of the Company's management. The words "anticipates", "believes", "estimates", "expects", "forecasts", "intends", "plans", "predicts", "projects" and "targets" and similar words are intended to identify these statements, which necessarily involve known and unknown risks and uncertainties. Accordingly, the actual results of operations of the Company may be different from the Company's current expectations, and the reader should not place undue reliance on these forward -looking statements. Forward -looking statements speak only as of the date they are made, and the Company does not undertake any obligation to update them in light of new information or future developments.

**Brasil Telecom S.A.**

1<sup>st</sup> Quarter 2006 Earnings Release



**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 9, 2006

**BRASIL TELECOM S.A.**

By:           /s/ Charles Laganá Putz

Name: Charles Laganá Putz  
Title: Chief Financial  
Officer

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