

**MEMORANDUM**

5 de Noviembre de 1993

A: Sr. D. Marcelino Oreja  
De: Enrique Martínez de Velasco  
Asunto: **Consideraciones sobre los ejercicios fiscales 1992 y 1993 para NT España**

La actividad de la compañía se desarrolla durante 8 meses (de Mayo a Diciembre de 1992).

En esas fechas Telefónica, debido a consideraciones estratégicas de profundo calado, decide abandonar su tecnología propia en el ámbito de transmisión de datos (Tesis) en beneficio de la tecnología de NT (DPN). Esto da lugar a un contrato en exclusiva con Telefónica por valor de 3.000 Millones de Pesetas, que se contabilizan íntegramente en el año 92, produciendo una facturación de 3.407 Millones de Ptas., y un beneficio de 224,72 Millones de Ptas., frente a una previsión de pérdidas en el presupuesto de 127,399 Millones de Ptas.

Esta diferencia positiva de 352 Millones, corresponde en realidad a una actividad desarrollada en el periodo 92/93.

Durante el año 93 se realiza una importante actividad comercial que permite a NT pasar de una posición coyuntural como suministrador para un proyecto a ser suministrador global y a largo plazo.

Como consecuencia, NT se encuentra como finalista en el concurso Ibercom y desarrolla un macro canal para la venta de centralitas (El Corte Inglés); se convierte en suministrador de equipos de Transmisión (SDH), abre la vía para el desarrollo de tecnología con Telefónica y realiza ventas por valor de 3.427 Millones de Pesetas con un margen comercial de 16,9% (frente a 17,76% presupuestado) en un año de recesión y crisis generalizada del sector.

Los gastos se mantienen controlados (607,317 Millones de Ptas. frente a 609,634 presupuestados), se resuelven los graves conflictos con los que se inicia el año, como La Caixa y el soporte técnico, y se cimenta un Plan de Negocio, ambicioso y realista esta vez, para el año 94.

Adjunto el informe, en inglés, sobre las causas de desviación en rentabilidad y la propuesta de ampliación de capital.

Un fuerte abrazo

Enrique Martínez de Velasco

P.D. Te recuerdo el teléfono de casa, donde me puedes localizar al fin de semana.

8150269

El lunes, finalmente, estaré trabajando en la oficina

3195566 ó

3087215

## NORTHERN TELECOM SPAIN

### COMMENTARY ON 1993 PROFIT & LOSS ACCOUNT FORECAST

#### OVERALL

- (1) THE LATEST FORECAST RESULT FOR 1993 SHOWS A LOSS OF PTAS 627M ( BEFORE TAXATION ) VERSUS A BUDGETED LOSS OF 31M.
- (2) THE PRINCIPAL ITEMS GIVING RISE TO THIS VARIANCE ARE :

	<u>PTAS'M</u>	
( A ) <u>REDUCED SALES VOLUMES</u>	202	
( B ) <u>PENALTY PAYMENT TO LA CAIXA</u>	100	
( C ) <u>ADVERSE EXCHANGE DIFFERENCES</u>	294	
( D ) <u>INCREASED FINANCE CHARGES</u>	53	
OTHER ITEMS	(53)	
TOTAL ADVERSE VARIANCE	<table border="1"><tr><td>596</td></tr></table>	596
596		

#### **REDUCED SALES VOLUMES**

- (3) SALES ARE FORECAST TO FALL 30% SHORT OF BUDGET, WITH A CORRESPONDING SHORTFALL IN TOTAL MARGIN . THE SHORTFALL REFLECTS THE SPANISH ECONOMY IN GENERAL AND THE DEFERRAL OF PURCHASES BY TELEFONICA IN PARTICULAR . MARGIN PERCENTAGES ARE IN LINE WITH BUDGET .

#### **PENALTY PAYMENT TO LA CAIXA**

- (4) THE FORECAST RESULT INCLUDES CHARGE IN RESPECT OF A PENALTY PAYMENT TO LA CAIXA OF PTAS 100M . THE PENALTY HAS ARISEN DUE COMPLIANCE PROBLEMS ENCOUNTERED IN PHASE 2 OF THE PROJECT . THESE PROBLEMS HAVE BEEN RESOLVED AND THE ORDER FOR PHASE 4 HAS BEEN RECEIVED .
- (5) THE TOTAL COST OF THE PENALTY IS PTAS 220M OF WHICH PTAS 120M IS COVERED BY PRIOR YEAR PROVISIONS .

#### **ADVERSE EXCHANGE DIFFERENCES**

- (6) EXCHANGE LOSSES TOTALLING PTAS 294M ARE FORECAST FOR 1993 . THE LOSSES HAVE ARISEN PRIMARILY DUE TO THE SUCCESSIVE DEVALUATIONS OF THE PESESTA DURING 1993 .
- (7) THE PRINCIPAL LOSSES HAVE BEEN AGAINST THE US DOLLAR WITH INVOICES REGISTERED AT AN EXCHANGE RATE OF 115 BEING SETTLED AT 127 . EXCHANGE EXPOSURES ARE MANAGED IN LIAISON WITH NT TREASURY , UK , AS A RESULT OF WHICH THE ABOVE LOSS WAS CONTAINED BY FORWARD CURRENCY PURCHASES .
- (8) ALL CURRENT SIGNIFICANT EXPOSURES ARE COVERED BY FURTHER FORWARD CURRENCY PURCHASES .

#### **INCREASED FINANCE CHARGES**

- (9) AS A CONSEQUENCE OF THE LOSS GENERATED IN THE YEAR BORROWING LEVELS HAVE BEEN IN EXCESS OF THOSE BUDGETED WITH A CORRESPONDING RISE IN INTEREST CHARGES . THIS HAS BEEN COMPOUNDED BY DELAYS EARLIER IN THE YEAR IN THE COLLECTION OF AMOUNTS DUE FORM TELEFONICA SISTEMAS IN RESPECT OF SALES RECORDED IN 1992 .
- (10) FOLLOWING NEGOTIATION WITH TELEFONICA SISTEMAS DELAYS OF THIS NATURE ARE NOT ANTICIPATED TO RECUR .

**NORTHERN TELECOM DE ESPAÑA****RESULTADO DEL AÑO 1992**

( PTAS 'Mls )

	CPE	DPN	TERMINALES	TRANSMISION	ACTUAL	PRESUPUESTO
<b>PEDIDOS RECIBIDOS</b>	139.040	3.407.580	1.210	328.130	3.875.960	2.430.000
<b>VENTAS</b>	121.121	3.181.391	124.867	268.433	3.695.812	2.156.220
<b>MARGEN</b>	17.404	568.408	5.322	69.403	660.537	278.929
<b>MARGEN - %</b>	14,37%	17,87%	4,26%	25,85%	17,87%	12,94%
GASTOS DE PERSONAL					210.678	213.854
GASTOS DE VIAJES					35.399	43.443
PUBLICIDAD Y PROPAGANDA					15.341	9.720
GENERAL Y ADMINISTRACION					36.616	31.631
GASTOS DE LA OFICINA					98.816	116.322
<b>COSTES OPERATIVOS</b>					396.850	414.970
<b>RESULTADO EXPLOTACION</b>					263.687	(136.041)
PROVISION EXISTENCIAS					42.000	0
AMORTIZACION DE INTANGIBLES					20.600	0
CLIENTES DUDOSO COBRO					3.309	
TRASPASO DEL NEGOCIO DE CABLE					(8.642)	(8.642)
COMISION					(18.300)	0
<b>B.A.I.T.</b>					224.720	(127.399)
GASTOS FINANCIEROS					54.115	
<b>B.A.I.</b>					170.605	

**NORTHERN TELECOM SPAIN**

**PROFIT & LOSS ACCOUNT FORECAST - 1993**

PTAS '000

	CPE	TELSETS	DPN	TRANSMISSION	IBDN	FORECAST 1993	VARIANCE FROM BUDGET
<b>ORDERS RECEIVED</b>	321.083	203.135	3.042.798	107.904	100.153	3.775.073	(1.779.927)
<b>SALES</b>	272.199	288.142	2.643.335	130.445	93.658	3.427.779	(1.445.221)
<b>MARGIN</b>	41.303	19.021	497.076	812	21.088	579.300	(202.431)
<b>MARGIN - %</b>	15,17%	6,60%	18,80%	0,62%	22,52%	16,90%	0,86%
<b>LA CAIXA PROVISION</b>						100.000	(100.000)
SALARIED EXPENSE						288.666	8.334
TRAVEL & EMPLOYEE						67.661	31.339
SALES & MARKETING						35.514	(13.514)
GENERAL & ADMINISTRATION						61.248	(28.248)
FACILITIES						154.228	(228)
<b>TOTAL OPERATING COSTS</b>						607.317	(2.317)
<b>OPERATING RESULT</b>						(128.017)	(304.748)
RESEARCH & DEVELOPMENT						0	55.000
DEPRECIATION OF INTANGIBLES						41.200	763
EXCHANGE DIFFERENCES						294.266	(294.266)
OTHER (INCOME) / EXPENDITURE						(622)	622
<b>EBIT</b>						(462.861)	(542.629)
<b>FINANCE COSTS</b>						164.330	(53.120)
<b>EBT</b>						(627.191)	(595.749)

# NORTHERN TELECOM SPAIN

## PROPOSAL FOR INCREASE IN SHARE CAPITAL

### PROPOSAL

- (1) THE SHARE CAPITAL OF THE COMPANY BE INCREASED BY PTAS 500M AND PAID UP PRIOR TO THE YEAR END .

### LEGAL POSITION

- (2) THE FORECAST LOSS FOR 1993 WILL LEAVE THE COMPANY WITH ACCUMULATED LOSSES IN EXCESS OF 50% OF THE SHARE CAPITAL . UNDER SPANISH LAW THE COMPANY WILL BE TECHNICALLY INSOLVENT .

	<u>PTAS'M</u>	
ACCUMULATED RESERVES AT JANUARY 1993	176	
FORECAST RESULT FOR 1993	(627)	
FORECAST RESERVES AT DECEMBER 1993	<table border="1"><tr><td>(451)</td></tr></table>	(451)
(451)		
CURRENT SHARE CAPITAL	<table border="1"><tr><td>400</td></tr></table>	400
400		

- (3) THE ACCUMULATED LOSSES WOULD BE WRITTEN DOWN AGAINST THE CAPITAL TO RESTORE TECHNICAL SOLVENCY .

### OPERATIONAL POSITION

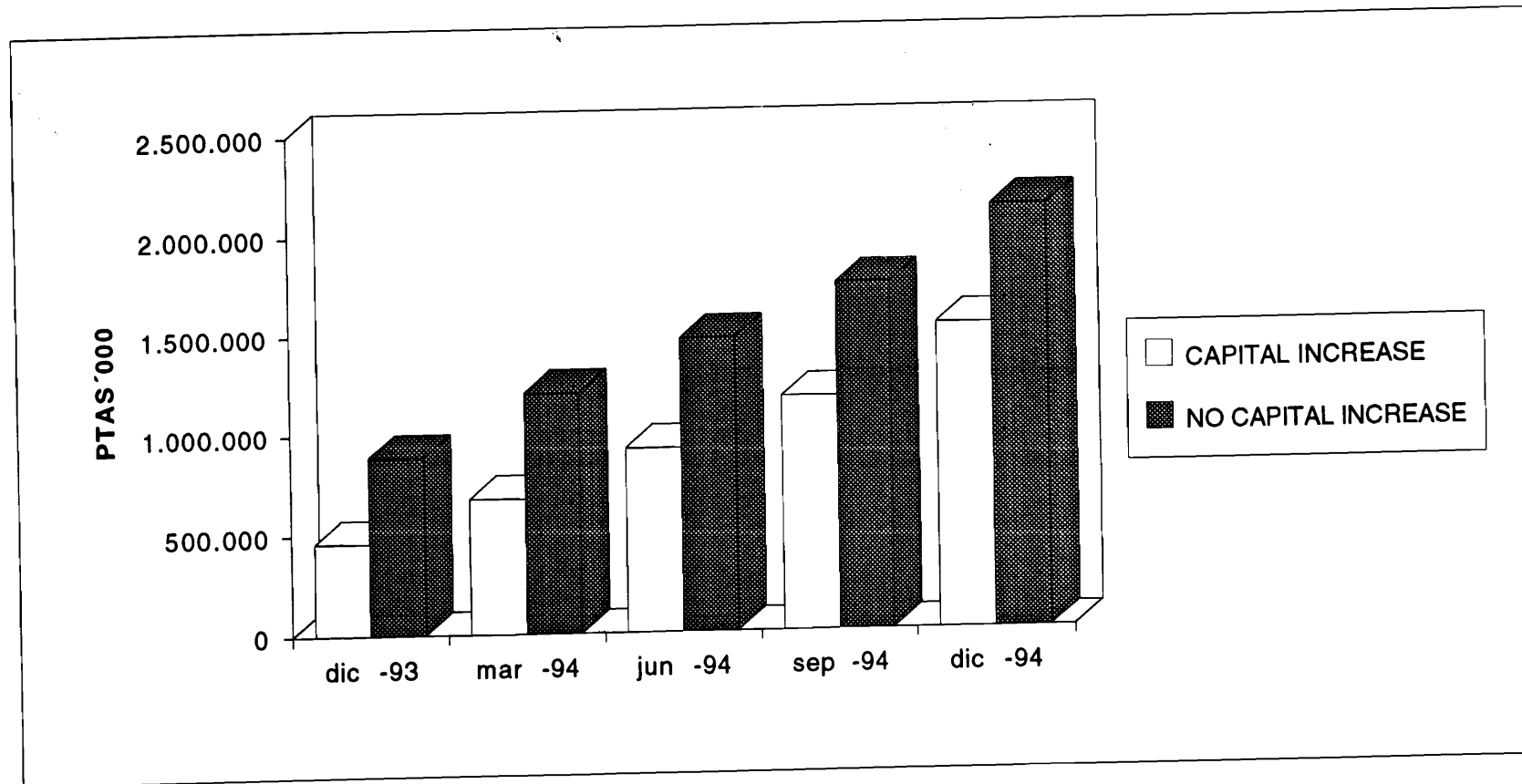
- (4) THE COMPANY CURRENTLY HAS BORROWING FACILITIES OF PTAS 1,600M .

	<u>PTAS'M</u>	
OVERDRAFTS	600	
FACTORING	1.000	
TOTAL FACILITIES	<table border="1"><tr><td>1.600</td></tr></table>	1.600
1.600		

- (5) THE BUDGET FOR 1994 SHOWS A SHORTFALL IN FUNDS VERSUS THE CURRENT FACILITIES OF PTAS 588M AND FINANCE CHARGES TOTALLING PTAS 208M .
- (6) THE PAYING UP OF THE SHARE CAPITAL WOULD ENABLE THE COMPANY TO OPERATE WITHIN ITS EXISTING FACILITIES AND TO REDUCE FINANCE CHARGES BY ALMOST 40% TO PTAS 129M .

# NORTHERN TELECOM SPAIN

## EXTERNAL FINANCING - OVERDRAFTS & FACTORING



# NORTHERN TELECOM SPAIN

## CUMMULATIVE FINANCE CHARGES - OVERDRAFTS & FACTORING

