

BRASIL TELECOM HOLDING CO

Form 6-K

December 19, 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 DECEMBER 18, 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):

Topic	Presenter
Introduction and Brasil Telecom strategy review	Ricardo Knoepfelmacher
Business operations	Francisco Santiago
Fixed voice	
IP (DSL and Internet businesses)	
Data	
Mobile	
Regulatory challenges	Luiz Perrone
Operating effectiveness and financials	Charles Putz

Transition safely held

Auditing processes moving first results already presented

Concerns about OpEx

We found expenses growing (above 14% up to September, excluding the mobile business)

New business plan developed focuses on concerns

Total revenue slightly growing fixed voice erosion compensation with other growth engines

Interrupted growth trend of expenses

Strategic directions established

Strategic guidelines approved by controlling shareholders

Operating cost reduction and 2006 budget approved

Integration of fixed and mobile sales forces

Launch of new products: VoIP phone, multi-conference, Pula-Pula improvements and Brasil Virtual Net

Signature of concession contracts

Social Phone/AICE

Open Channel program successfully released

Revision of organizational structure

Corporate Governance Officer position created

Commitment with transparency

Integration of network and IT operations concluded
Revision and reduction of CAPEX and cost structure being implemented

Integration of ISPs in progress

Bid processes for major supply categories in progress
Revision of purchase organization and processes

Initial diagnosis yielded important results
Filing of complaint at CVM

Mapping and managing of litigations related to the company

Source: Brasil Telecom; BCG analysis

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Fonte: Brasil Telecom; Análise BCG

Brasil Telecom Fixed Voice Net Revenues

Source: Brasil Telecom

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(1) Selected countries are Austria; Belgium; Denmark; Finland; France; Germany; Italy; Netherlands; Portugal; Spain; Sweden; Switzerland; UK; USA (except for minutes per line).
Source: InfoCom; BCG analysis

Source: PNAD

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Excess pulses decline break-down of drivers

(1) Other include mobile pre-paid, economic and customer behavioral effect, etc.
Source: Brasil Telecom.

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Total vs. Consistent Voice Revenues

Source: Brasil Telecom

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Mitigate fixed lines erosion

Low income offers
2nd line offer
More aggressive retention strategy
Pro-active retention churn forecast model

Mitigate traffic erosion

Minute plans
Flat fee offers
Traffic incentives
Cordless project

Defend high value customers

Clustered bundled offers

Defend / grow corporate customers

Win-back initiatives

Attack and consolidate LD market

Minute plans
Traffic campaigns

(1) Example of real offer launched before the clustering model. Model will facilitate and speed up creation of customized offers to customers.

Source: Brasil Telecom

Lines in service	Increased demand for low income terminals Mobile substitution driving lower overall demand Compensation effect of initiatives to mitigate terminals erosion
Local revenue	Stable prices driven by low tariff adjustment (deflation in 2nd semester of 2005) Lower MoU due to mobile substitution and dial-up - broadband substitution
LD revenue	Lower MoU due to mobile substitution Increasing competitive pressures Increasing market share in inter-regional DLD and ILD
F-M revenue	Stable to slightly growing traffic relative to 2005 Stable market share
Interconnection	Decrease in fixed interconnection rates Termination of transportation agreements in mobile operators in Region II
Total fixed voice revenue	Overall revenue decline

Brasil Telecom IP Net Revenues

Source: Brasil Telecom

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(1) Estimated PC penetration for Brazil of 18% in 2005 and 23% for 2008

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Source: Brasil Telecom 3Q-05 figures

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Optimize DSL profitability

Product upselling initiatives (up to 30% success rates)

Manage growth based on segmented approach

Structure targeted VoIP offer

Launch VoipFone offer selectively

Explore options to increase scale in services and content development

Maximize synergies amongst ISP

Monetize IP relationships with residential customers

Develop new products and services and gradually test the market (small bets)

DSL accesses

30% to 40% of DSL subscribers growth

DSL ARPU

Slight growth expected due to upselling initiatives and segmented customer approach

ISP clients

**Stabilization of dial up traffic broadband migration compensated by new users for dial up
More focus on ISP broadband subscribers**

IP total revenue

Significant revenue growth expected

Brasil Telecom Corporate Data Net Revenues

Source: Brasil Telecom

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Evolution of Corporate data communication revenues evolution in Brazil

Fonte: Brasil Telecom; Press Releases; IDC

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Corporate data market in Region II

Note: SOW = Share of wallet

Source: Annual reports; Brasil Telecom and BCG analysis and estimates

85% of churn⁽¹⁾ come from clients with no more than 2 products

(1) Clients that had revenue in 2005 and didn't have data revenue in July, August and September 2005
Source: Brasil Telecom; BCG Analysis

Source: Marketing BRT. BCG analysis

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SoW growth in SMEs

Expansion in SME market with convergent offers

Approach based on client value potential

Retention in corporate and government clients

Leveraging cross selling mapping outsourcing & VAS

Pricing realization through customized approach

Refine pricing intelligence platform data collection, analysis and feedback

Segmented offers

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Market size

**Market growing, but less accelerated than 2005
Major growth coming from IP VPN and dedicated IP
Slight decrease in dedicated lines and frame-relay**

Market share

**Corporate and government clients retention
Growth in SME**

Prices

**Higher competitive pressures than in 2005
Continued shift towards advanced services minimizing
price pressures**

**Total Corporate
data revenues**

Lower growth than in 2005

Brasil Telecom Mobile Net Revenues

Source: Brasil Telecom

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(1) Accesses per 100 inhabitants Oct-05

Source: *Atlas do mercado de telecomunicações do Brasil 2005*; Anatel; IPC 2005

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(1) Values do not include marginal market share of other players Source: Company estimates.

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Fontes: Merrill Lynch, Global Mobile Report

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Source: Brasil Telecom estimates

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Source: Brasil Telecom estimates

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Aggressive growth in high value customers

Leverage customer relationships to attract high value customers

Grow market share and penetrate corporate market

Achieve critical scale

Capture profitable pre-paid customers

Maintain average customer life time value

Monitor and manage value drivers to acquire customers with positive life time value

Grow with adequate CapEx

Staggered CapEx on network expansion to reduce risk

Optimize and prioritize expenditures

Market size	Slower growth for 2006 due to penetration saturation (17% growth in 2006 versus 34% in 2005)
Subscribers	Expected 2006 market share of 11% versus 8.5% for 2005 Increase market share in post-paid above pre-paid in 2006 Expected subscriber base of 3 million by the end of 2006
Mix	Maintain post-paid mix above competition
SAC	R\$200 expected in 2006 versus R\$220 in 2005, mainly due to cost reductions in marketing and subsidies
Churn	Maintenance of churn below market average
ARPU	Average expected ARPU of R\$28
Revenue	Significant revenue growth
EBITDA	Margin improvement due to emphasis on profitability Breakeven expected in first quarter of 2007

Pulse-minute conversion
Universal services and quality obligations
Lower fixed interconnection rate
New productivity factor
New tariff readjustment index (IST)
Low income fixed lines

Number portability
Resale
MVNO
Mobile interconnection

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Note: Benchmark data from 2004; PPP adjustment realized via Big Mac index calculated by The Economist. For European countries. Itcx tariffs are for Single Transit
Source: European commission: European Electronic Communications Regulation and Markets 2004; COFETEL; The Economist

Ensure positive margins for F-M traffic

Minimize the gap between Brazilian context and international reference⁽¹⁾

Work proactively with regulator to explore economically viable solutions to increase universalization of services and quality

Ensure market viability in fixed resale and MVNO avoid value destruction for infrastructure based players

Shape regulatory environment in the future to create new opportunities

(1) Average mobile interconnection in international references is ~25% lower than Brazil's level
Source: European Electronic Communications Regulation and Markets 2004

Total revenue

**Slight growth increase in corporate data, IP and mobile
offset by decline in fixed voice**

Operating costs

Slight increase mitigate cost pressure

EBITDA margin

**EBITDA margin expected to be stable or slightly lower,
already considering the negative impact of mobile operation
below 5 p.p.**

CapEx

Increased CapEx due to regulatory requirements

Capital structure

Slight increase in debt to reduce WACC

Fixed voice

**Local, LD and interconnection revenues decreasing
F-M revenues stable to slight increase**

IP

**30% to 40% of DSL subscribers growth expected in 2006
Stabilization in dial up traffic
More focus on ISP broadband subscribers**

Corporate data

**Growth with emphasis in SMEs
Shift in mix minimizes price pressure**

Mobile

**Expected subscriber base of 3 million by end of 2006
Significant revenue growth expected in 2006**

Total revenues

**Fixed voice decline compensated by other businesses
growth
Slight overall revenue growth expected relative to 2005
levels**

Operational Costs and Expenses for Brasil Telecom

Source: Brasil Telecom analysis

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Evolution of contract volumes in R\$M

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Interconnection

**Reduction in fixed interconnection costs
Market share growth in mobile business**

Third parties

**Contracts renewed in August 2005
Contracts readjustment triggers
Call center expansion for mobile and broadband growth**

Personnel

**Salary adjustments following union negotiations
New hires during 2005**

Bad debt

Slight increase of bad debt

Other

**Lower level of other operating revenues
Higher demand for national and international circuits**

**Total operating
expenses**

**Stable or slightly higher than 2005 levels without non
recurring items**

CapEx Evolution 1998 to 2006e (R\$B)

(1) Investments include CRT acquisition (R\$1.4B) (2) Companies acquisition of R\$476M
Source: BrT network management; BrT IT management; BrT finance department

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Minimizing fixed voice erosion
Growing profitably in other businesses

Optimizing expenditures
Investigating potential for savings
Renegotiating contracts

Minimizing regulatory CapEx
Imposing disciplined approach to cash management
Focusing on growth engines

Optimize capital structure to reduce WACC
Maintain conservative liquidity levels

Respecting statutory obligations
Prioritizing shareholder value creation
Optimizing tax planning (interest on shareholder equity)

This document contains forward -looking statements. Such statements do not constitute facts occurred in the past and reflect the expectations of the Company's managers only. The words "anticipates. " "believes. " "estimates. " "expects. " "forecasts. " "intends. " "plans. " "predicts. " "projects" and "aims" . as well as other similar words. are intended to identify those forward -looking statements. which obviously involve risks or uncertainties predicted or not by the Company. Accordingly. the future results of the Company s operations may differ from the current expectations. and the reader should not rely exclusively 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.

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: December 18, 2005

BRASIL TELECOM PARTICIPAÇÕES S.A.

By: /s/ Charles Laganá Putz

Name: Charles Laganá Putz
Title: Chief Financial
Officer
