



Highlights

GVT launches operations in two more cities in the Northeast: Recife and Jaboatão dos Guararapes

Continuing its expansion in Brazil's Northeast Region, in November, **GVT** inaugurated operations in the cities of Recife and Jaboatão dos Guararapes in the state of Pernambuco. With investment of more than R\$60 million, the installation works were concluded with the largest initial coverage in the company's history: 30% in both cities. However, the high investments made by **GVT** have been more than justified by the excellent reception enjoyed in these two markets. Broadband sales account for 96% of total sales, with speeds equal to or greater than 10 Mbps accounting for some 93% of sales.

Best Brazilian companies: GVT performs well in rankings of leading publishers

In September, **GVT** performed well in four important rankings of the best companies in Brazil, based on a variety of criteria. INFO Exame magazine ranked **GVT** in 24th place among the 200 Largest Technology Companies in Brazil, while also noting the company's sales growth of 26.4%. Computerworld placed **GVT** 9th in its ranking of the 60 Best, with the company also placing high in the categories Best Large Company (6th place), Most Sought (7th place), Pride (9th place), Most Women (9th place), and Best Communication (10th place). Meanwhile, Istoé Dinheiro magazine ranked **GVT** 4th in terms of financial sustainability. Appearing for the first time ever in the ranking of the 100 Best Companies organized by Época magazine, **GVT** performed well in the categories Most Promotions (4th), Fastest Growth in 2008 (14th) and Best Service (20th).

VONO launches Click To Call to innovate and speed up contacts between companies and clients

Once again meeting the needs of users under the VONO brand, **GVT** launched Click To Call, a service offering subscribers yet another way to communicate with their clients. The system allows users to automatically transfer from a web session to a telephone call. After users register their telephone numbers (fixed or mobile) on the Click To Call banner of the company's website, the service activates the VONO platform and sends a call to the company's call center, which in turn contacts the client within seconds after the online option is clicked. The service is ideal for companies with Internet sales and is available to VONO subscribers in any location.

GVT and SKY form partnership for triple play offer

GVT and SKY, the leader in Brazil's high definition pay-TV market, officially announced a commercial partnership to offer service bundles to clients contracting services from both companies. Clients purchasing triple play packages composed of **GVT**'s telephony and broadband services and SKY's pay-TV plans can now save more than R\$500 annually, given the discounts offered. The client also receives at no charge the Internet modem and the SKY set-top box. To order the service, contact the companies' customer service centers.

Customer's word

M-I SWACO contracts GVT's telephony and Internet solutions to cut costs



With a presence in more than 75 countries and 600 employees just in Brazil, M-I SWACO, which manufactures, stores and pumps drilling fluids, contracted **GVT** in July this year. The objective was to connect, by telephone, its Brazilian head offices located in the Botafogo district of Rio de Janeiro with the company's other branches in the city. The partnership negotiations were so successful that the company decided to include a contract for the supply of Internet service at a speed of 10 Mbps. "We were seeking to reduce long-distance connection costs through an operator offering high-quality platforms as well as faster and more efficient services. And we saw these characteristics in **GVT**," explained Ivson Passos, IT Manager at M-I SWACO. "The results have been so positive that we are already analyzing expanding the contract to include another four locations: Vitória, Espírito Santo; São Gonçalo, Rio de Janeiro; and Simões Filho and Catu, both in Bahia state." With the current package contracted from **GVT**, M-I SWACO expects to reduce its telephony and Internet costs by approximately 44%.

Results

GVT posts record high net revenue and net income of R\$ 57.2 million

GVT ended the third quarter of 2009 with net income of **R\$ 57.2 million**. **GVT**'s net revenue, a quarterly record, climbed by **27.3%** to **R\$ 442.3 million**, with adjusted EBITDA margin (earnings before interest, tax, depreciation and amortization) of **39.1%**, one of the highest in the telecommunications industry. In the period, **GVT** also registered the highest number of new broadband client additions, with **63,243** new high-speed internet users. This strong result brought its broadband penetration in the retail client base to **75%**, with a total of **604,100** users. Revenue from the line of new generation services composed of broadband, corporate data transmission and VoIP increased by **45%** in the quarter to **R\$ 140 million**, accounting for **32%** of the company's overall revenue in the quarter. The number of clients under the VONO brand grew by **45%**, with **143,667** lines in service, which generated revenue of **R\$ 5.8 million**, **70%** more than in the same quarter last year. In addition, **GVT** maintained positive cash flow of **R\$ 1.9 million**. Cash flow in the year to date was **R\$ 52.7 million**, demonstrating **GVT**'s continuous expansion.

Special feature

At the close of the third quarter of 2009, **GVT** reached 604,100 broadband users, adding over 63,000 new clients in the period alone and leading broadband penetration in its base to reach 75%. Read the following interview with Alcides Troller Pinto, **GVT's** Marketing and Sales vice-president, to understand how the company was able to achieve these results.

What were the drivers of the strong growth in **GVT's** broadband base in the third quarter?

A. In early August, **GVT** launched POWER, a new family of broadband offerings with speeds from 3 Mbps to 100 Mbps at extremely accessible prices starting from R\$49.90. Available in 90% of **GVT's** broadband market, POWER generated a wave of interest from customers and has been a strong driver of new sales. To give you an idea, in the third quarter 64.1% of broadband sales were for speeds of 10 Mbps or higher. Today, these connection speeds already represent 31.5% of penetration in our base.

How many clients have already adopted the highest speeds of 35 Mbps, 50 Mbps and 100 Mbps?

A. In the quarter, we registered 655 sales in these very high speeds, of which 378 were for 35 Mbps, 177 for 50 Mbps and 100 for 100 Mbps.

“In this way we have been able to continue increasing speeds while keeping entry prices stable and maintaining service quality.”

And is this demand in line with the company's expectations?

A. Yes. The results are in line with our expectations, since these very high speeds are a niche product. Users adopting speeds of 35, 50 or 100 Mbps must be sophisticated, and in general these speeds are recommended for computers on networks, given the applications currently available in the market. Our POWER products with the highest demand are the 10 Mbps and 15 Mbps speeds, which are recommended for residential users. In the future, when applications such as WebTV, VOD and IPTV arrive in the market, we expect our ultra-high speeds to make us the leader in these segments.

What benefits has this broadband growth brought for **GVT**?

A. We believe the POWER family further increased the distance between **GVT** and its main competitors in the broadband market. The cities in which this new product family is available represent 73% of the company's coverage area and 90% of its broadband market. With POWER, **GVT** maximizes the



potential of its next-generation telecommunications network, further increasing the competitive advantage over its main competitors while assuring quality service to clients.

How is **GVT** able to offer better prices than competitors?

A. This is because our network is fully prepared for data transmission. Almost 70% of our transmission needs are already met by our own backbone and we also always pursue capacity swap agreements, long-term indefeasible right of use agreements (IRUs) and cache agreements (national hosting of international content) with the aim of reducing the costs involved with offering broadband service. In this way we have been able to continue increasing speeds while keeping entry prices stable and maintaining service quality.

In the market

GVT competes for best investor relations

Until December 16, **GVT** will be competing in the IR Global Rankings, a process created by MZ Consultoria to classify IR websites, annual reports, corporate governance practices and financial disclosure procedures. The ranking involves investors and analysts from around the globe, who select companies with the best IR programs and IR officers. The selection method is based on extensive surveys of publicly held companies and investors and includes support from independent auditors and lawyers. To vote go to the IR Global Rankings website (www.irglobalrankings.com) or **GVT's** IR website (www.gvt.com.br/ri).

IIF ranks Brazil as the global leader in investor relations

The Institute of International Finance (IIF) released a ranking of 37 countries based on evaluations of their investor relations and information transparency practices. Brazil, which ranked first, achieved the maximum score in all criteria selected by the Institute, such as personnel involved in investor relations, websites, disclosure of macroeconomic information and communication contacts. The results were disclosed at the IIF's annual meeting in Istanbul, Turkey.

> Content

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Stay tuned

The power of social networks

Social media such as Orkut, Twitter, Facebook, Flickr and YouTube have not only conquered important space among consumers, but also captured the attention of companies.

The numbers demonstrate the growth in online connectivity. Today there are more than 70 million blogs worldwide, with more than 1.5 million posts published every day, or approximately 17 per second (Technorati). The Twitter microblog, for example, has more than 44.5 million registered users (comScore).

Brazil is the second country worldwide in number of visits to social networks; it is also the global leader in average time spent online each month, which stands at 71 hours and 30 minutes per user (Ibope NetRatings).

Merely having a presence on the Internet is no longer enough; you must also have a presence in social networks, which are growing and accompanying the increased democratization of the internet. This means that social media are increasingly gaining ground as an important global demand and no longer are seen as merely a temporary market trend.