

BRAZIL TELECOM HOLDING CO
Form 6-K
August 12, 2003

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 AUGUST 13, 2003

(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

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

BRP: US\$29.85 / ADR
BRTP3: R\$14.04 / 1,000 shares
BRTP4: R\$18.40 / 1,000 shares
Market Capitalization: R\$5,979 million
Closing Price: August 04, 2003

Brasil Telecom Participações S.A.

Consolidated Earnings Release

Second Quarter of 2003
Non-audited

Brasília, August 05, 2003.

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Brasil Telecom Participações S.A.

Brasil Telecom Participações S.A. announces 2Q03 consolidated results

Brasília, August 05, 2003 **Brasil Telecom Participações S.A. (NYSE: BRP; BOVESPA: BRTP3/BRTP4)** announces its consolidated results for the second quarter of 2003 (2Q03). The **Financial Statements** were elaborated in accordance with CVM Instruction 247/96 and consolidate Brasil Telecom S.A.'s performance.

HIGHLIGHTS OF THE RESULTS

At the end of 2Q03, Brasil Telecom achieved 194.8 thousand **ADSL accesses in service**, meaning a growth of 18.0% compared to the 1Q03.

Revenues from data communication in 2Q03 continued its growing path, reaching R\$181.2 million, 5.7% ahead the registered in the last quarter.

In continuation to the inspection process, **Anatel concluded the field works, in which various localities in all the Brasil Telecom branches were evaluated**. The Company waits for the official outcome from the regulatory body regarding the 2003 targets fulfillment.

Operating costs and expenses (excluding depreciation and amortization) remained flat in 2Q03, totaling R\$1,013.3 million, basically due to the better operating efficiency of the Company.

At the end of 2Q03, the Brasil Telecom **installed plant** reached 10,656 thousand lines, 0.5% above the observed in 1Q03. The **plant in service** achieved 9,741 thousand lines at the end of 2Q03, 1.5% and 9.0% above the plant of 1Q03 and 2Q02, respectively. The growth of plant in service induced the increase of **utilization rate** for the quarter, which totaled 91.4% at the end of June, 0.9 p.p. and 6.3 p.p. above the registered in 1Q03 and 2Q02, respectively.

Net revenue in 2Q03 achieved R\$1,914.9 million, a 10.2% growth when compared to the net revenue of 2Q02. **Net revenue/Average LIS/month** in 2Q03 reached R\$66.0, against R\$65.5 in 1Q03.

Losses with Accounts Receivable totaled R\$61.9 million in 2Q03, representing 2.3% of gross revenue of 2Q03, against R\$67.9 million in the last quarter, or 2.6% of gross revenue in the same period.

In 2Q03, **EBITDA** totaled R\$901.6 million, a 3.8% growth compared to the 1Q03. **EBITDA margin** achieved 47.1% in 2Q03, against 46.3% in 1Q03. **EBITDA/Average LIS/month** increased by 2.4% compared to 1Q03, reaching R\$31.1.

The **consolidated net debt** totaled R\$2,631.3 million at the end of June. The **consolidated net debt/shareholders equity ratio** of the Company was equal to 42.0% at the end of 2Q03, against 40.4% at the end of March, 2003. The **dollar-denominated debt** accounted for 4.1% of total debt, totaling R\$161.4 million at the end of 2Q03. Brasil Telecom hedged 69.5% of that debt, being all debt maturing up to December 2004 hedged against exchange variations. At the end of June 2003 the **average debt cost** was 18.5% p.a., meaning 72.2% of CDI.

Productivity of 1,832 LIS/employee at the end of 2Q03, against 1,729 in the 1Q03. The higher productivity ratio was due to an increase of 1.5% in the plant in service combined with the net reduction of 232 employees in the last 3 months.

[Back to Contents](#)**CONSOLIDATED INCOME STATEMENT****Table 1: Consolidated Income Statement**

R\$ Million	2Q02	1Q03	2Q03	Quarter	12 Months
GROSS REVENUES	2,412.2	2,609.3	2,691.2	3.1%	11.6%
Local Service	976.8	1,063.5	1,032.5	-2.9%	5.7%
Public Telephony	88.8	83.8	103.1	23.1%	16.1%
Long Distance Service	354.7	325.6	356.8	9.6%	0.6%
Fixed-Mobile Calls	544.4	607.3	689.1	13.5%	26.6%
Interconnection	195.8	222.7	193.0	-13.3%	-1.4%
Lease of Means	57.1	53.2	49.6	-6.8%	-13.2%
Data Communication	117.2	171.4	181.2	5.7%	54.5%
Supplementary and Value Added Services	70.7	71.0	72.1	1.5%	1.9%
Other	6.6	10.9	13.8	26.9%	110.4%
Deductions	(674.3)	(735.6)	(776.3)	5.5%	15.1%
NET REVENUES	1,737.9	1,873.7	1,914.9	2.2%	10.2%
COSTS & OPERATING EXPENSES	(915.2)	(1,005.3)	(1,013.3)	0.8%	10.7%
Personnel	(109.9)	(93.8)	(97.3)	3.7%	-11.4%
Materials	(24.6)	(20.3)	(22.6)	11.0%	-8.1%
Subcontracted Services	(279.0)	(292.3)	(308.9)	5.7%	10.7%
Interconnection	(383.6)	(424.9)	(430.4)	1.3%	12.2%
Advertising and Marketing	(23.3)	(9.6)	(19.1)	98.5%	-18.0%
Provisions and Losses	(74.8)	(86.6)	(75.6)	-12.7%	1.1%
Other	(16.9)	(77.8)	(59.4)	-23.6%	251.1%
EBITDA	822.7	868.3	901.6	3.8%	9.6%
Depreciation and Amortization	(490.6)	(520.4)	(526.4)	1.1%	7.3%
OPERATING PROFIT BEFORE FINANCIAL RESULT	332.1	347.9	375.2	7.9%	13.0%
Financial Result	(200.1)	(356.3)	(192.4)	-46.0%	-3.8%
Financial Revenues	97.7	75.7	103.5	36.9%	6.0%
Financial Expenses	(167.7)	(226.1)	(296.0)	30.9%	76.4%
Interest on Shareholders' Equity	(130.1)	(205.8)	(0.0)	-100.0%	-100.0%
OPERATING PROFIT AFTER FINANCIAL RESULT	132.0	(8.3)	182.8	N.A.	38.5%
Non-Operating Revenues (Expenses)	(55.3)	(47.7)	(29.7)	-37.8%	-46.4%
Goodwill Amortization - CRT Acquisition	(31.0)	(31.0)	(31.0)	0.0%	0.0%
Other	(24.3)	(16.7)	1.3	N.A.	N.A.
EARNINGS BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES	76.7	(56.1)	153.1	N.A.	99.8%
Income and Social Contribution Taxes	(43.3)	8.7	(56.3)	N.A.	30.0%

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EARNINGS BEFORE PROFIT SHARING	33.4	(47.4)	96.9	N.A.	190.2%
Profit Sharing	(9.4)	(9.9)	(11.5)	15.7%	22.0%
Minority Interest	(31.4)	(47.1)	(16.7)	-64.6%	-46.8%
EARNINGS BEFORE REVERSION OF INTEREST ON SHAREHOLDERS' EQUITY	(7.4)	(104.4)	68.7	N.A.	N.A.
Reversion of Interest on Shareholders' Equity	130.1	205.8	0.0	-100.0%	-100.0%
NET EARNINGS	122.7	101.4	68.7	-32.2%	-44.0%
Goodwill Amortization - CRT Acquisition	31.0	31.0	31.0	0.0%	0.0%
NET EARNINGS ADJUSTED BY GOODWILL AMORTIZATION	153.7	132.4	99.7	-24.7%	-35.1%
Net Earnings (Losses)/1,000 shares - R\$	0.3483	0.2842	0.1926	-32.2%	-44.7%
Net Earnings (Losses)/ADR - US\$	0.6182	0.4239	0.2873	-32.2%	-53.5%

[Back to Contents](#)**OPERATING PERFORMANCE****PLANT****Table 2: Plant**

	2Q02	1Q03	2Q03	Quarter	12 Months
Lines Installed (Thousand)	10,505	10,608	10,656	0.5%	1.4%
Additional Lines Installed (Thousand)	63	60	48	-20.5%	-23.9%
Lines in Service - LIS (Thousand)	8,940	9,595	9,741	1.5%	9.0%
Residential	6,529	6,979	7,107	1.8%	8.9%
Non-Residential	1,530	1,548	1,565	1.1%	2.3%
Public Telephones	291	296	297	0.2%	2.1%
Pre-paid	59	215	218	1.4%	270.3%
Other (including PBX)	531	557	554	-0.5%	4.2%
Additional LIS (Thousand)	85	130	146	12.3%	71.4%
Average LIS (Thousand)	8,897	9,530	9,668	1.4%	8.7%
LIS/100 Inhabitants	22.0	23.2	23.5	1.1%	6.4%
Public Telephones/1,000 Inhabitants	7.2	7.2	7.2	-0.2%	-0.3%
Public Telephones/100 Lines Installed	2.77	2.79	2.79	-0.3%	0.7%
Utilization Rate	85.1%	90.5%	91.4%	0.9p.p.	6.3p.p.
Digitization Rate	98.7%	99.0%	99.0%	0.0p.p.	0.2p.p.
ADSL Lines in Service (Thousand)	89.8	165.1	194.8	18.0%	117.0%

Lines Installed

A total of 48 thousand lines were installed in the 2Q03, totaling 10.7 million of lines installed by Brasil Telecom. Through this addition in the quarter, Brasil Telecom is prepared to respond to telephone line activation requests in less than two weeks, as established by the General Plan for Universalization Targets.

Lines in Service

The plant in service reached the figure of 9.7 million lines, as a result of the net addition of 146 thousand lines. Of this total, 87.7% represented lines activated by residential clients.

Utilization Rate

The utilization rate reached 91.4% in the 2Q03, against 90.5% in the 1Q03, as a result of the growth of 0.5% in the installed plant combined with the 1.5% in the in service plant.

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ADSL

The plant of ADSL accesses in service achieved 194.8 thousand in 2Q03, meaning a growth of 18.0% compared to the 1Q03.

At the end of 2Q03, Turbo Lite, service launched by Brasil Telecom in the last week of march, represented 1.5% of the total ADSL accesses in service, as Turbo 300, 78%. With Turbo Lite, for only R\$49.90 per month, the client can access the internet at a high speed during 50 hours a month, not to mention the fact that fixed line remains released during the internet access.

GOALS

Quality Goals

Brasil Telecom fulfilled all 35 quality indicators established by Anatel in the 2Q03, for the switched-fixed telephone service in the local and long-distance modes.

Universalization Goals

In continuation to the inspection process, **Anatel concluded the field works**, in which various localities at all the Brasil Telecom branches were evaluated. The Company waits for the official outcome from the regulatory body regarding the 2003 targets fulfillment.

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TRAFFIC

Table 3: Traffic

TRAFFIC	2Q02	1Q03	2Q03	Quarter	12 Months
Exceeding Local Pulses (Million)	3,312	2,973	2,959	-0.5	