3Q08 RESULTS ANNOUNCEMENT

29 October 2008

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Note:
The Consolidated Financial Information contained in this report is unaudited and has been prepared in accordance with International Financial Reporting Standards ("IAS/IFRS") issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union.

1. Message from Angelo Paupério, CEO of Sonaecom

Within the context of an extremely competitive market, deteriorating macro-economic conditions and with the negative impacts of the global financial crisis that has further dented consumer and business confidence and thus overall spending, we have made positive progress during 3Q08, in terms of both key operational and financial performance indicators. During the quarter, we achieved **turnover growth of 8.9%** and, importantly, **growth in customer revenues of 6.1%**, while generating an **EBITDA result that was 1.7% above last year**. These results were achieved despite the negative impact of lower roaming in revenues and the additional delays in the introduction of the new MTR programme that became effective on 23 August instead of the originally announced date of 15 July.

Our **mobile business** had a good operational performance, with material y.o.y. growth in customers (+10.8%) and with net additions in the quarter of 76.2 thousand customers, 38.1% above the level registered in the previous quarter. This performance was driven by growth across all our mobile segments.

Our **wireline ULL business** continued to experience significant competitive pressures, with further aggressive promotions and new and lower price points in the voice, broadband and TV segments introduced during 3Q08. The aggressive price competition has led to higher churn, lower ARPUs and, generally, to value destruction for all players in the wireline market. In the light of these circumstances, we have slowed the expansion of our ULL network and thus of our ULL addressable market, focusing instead on managing churn and protecting our customer base, by delivering greater value to existing customers. The performance of our wireline ULL business has also been negatively impacted by weak regulation in specific areas such as SLAs particularly in respect of network breakdowns but also in respect of establishing a fair playing field in respect of equal access to information regarding the quality of the incumbent's copper network, a critical element to be able to commercialise IPTV offers.

SSI again achieved a good operational and financial performance in the quarter, with turnover growing by more than 51% against last year, on the back of material increases both in service revenues (+36%) and equipment sales (+69%), accompanied by improved EBITDA result that was up 7.1%. WeDo's international footprint has been further extended and, in the quarter, approximately 60% of its revenues were generated outside of Portugal.

In our **media business**, Público was able to show growth in both newspaper sales (+2.0%) and associated product sales (+34.7%) against last year, notwithstanding the tough market conditions for generalist newspapers. In terms of financial performance, although still contributing negatively to consolidated EBITDA in the quarter, Público achieved a 19.7% reduction in EBITDA losses, when compared to last year.

The quarter was again a very active one in terms of **commercial initiatives**, implemented across all our businesses. In this respect, I would highlight the following:

- Launch of the iPhone in Portugal (including the introduction of the first pre-paid offer in the world);
- Introduction of pre-paid mobile broadband in our offers;
- The GTB Innovation Award granted to Kanguru in recognition of its pioneering and innovative role;
- Launch of the first fibre commercial offers in Portugal, including the fastest broadband services available in the market;
- Inauguration of our new Optimus 'Concept' store in Porto at the "Casa da Música";
- Further enlargement of our TV offer and increase of Home-Video functionalities;
- WeDo Technologies introduced in the market its new Fraud system, Fraud:RAID, complementing its product line;
- Bizdirect launched "BizGov", a new electronic purchasing platform aimed at the public sector.

During the quarter, progress was also made with our **fibre deployment**. We have now completed the initial phase of our deployment plan having reached our target in terms of homes passed by the end of 3Q08 in the initial coverage zones of Lisbon and Porto, and we are now, after the commercial launch in 3Q08 of our fibre offers, preparing the way for the next phases of deployment. Unfortunately, ANACOM has indicated that the regulatory framework for the deployment of NGN's in Portugal is only likely to be in place at the end of 2009. This framework, in conjunction with other **regulatory decisions** that need to be taken within the short term, among which, changes to wholesale reference offers and the analysis of the broadband market, will be clear determinants of the future success of the wireline sector liberalisation process.

Given the significant turmoil in the financial markets and general concerns regarding companies' balance sheets, it should be noted that Sonaecom maintains an acceptable level of leverage and, thanks to the refinancing carried out in July 2007, we have no scheduled principal repayments of financial debt under utilised facilities until mid-2010 and none of our current debt facilities include any financial covenants. As such, we believe we are in a position to be able to continue implementing our strategy, notwithstanding the constrained financial markets. Naturally, the rate of implementation of our investment plans will be adapted, if need be, considering the impacts that the current financial crisis has over the Portuguese economy in general, over consumer and businesses telecoms spend and, more specifically, on our businesses themselves.

A final note to reiterate that, although for the remainder of 2008 we do not see the competitive landscape improving and anticipate that economic prospects will remain challenging, we believe we will be able to deliver the EBITDA guidance we gave with our 1Q08 results (i.e., flat EBITDA adjusted for MTRs).

2. Quarter highlights

During 3Q08, Sonaecom was able to sustain the high level of growth in customer revenues achieved in the last quarters. This growth was achieved, despite the increased level of competition, supported not only by the planned investment in our brands, network and distribution channels, but also as a result of the continuous launch of new products and services.

OPERATING KPI's	3Q07	3Q08	y.o.y	2Q08	q.o.q	9M07	9M08	y.o.y
Mobile Business								
Customers (EOP) ('000)	2,761.1	3,058.3	10.8%	2,982.1	2.6%	2,761.1	3,058.3	10.8%
Active Customers (1)	2,203.2	2,410.9	9.4%	2,326.3	3.6%	2,154.2	2,342.5	8.7%
Data as % Service Revenues	18.2%	22.7%	4,4pp	21.3%	1,4pp	17.1%	21.5%	4,4pp
MOU (2) (min.)	120.7	134.8	11.7%	129.1	4.4%	117.2	127.4	8.6%
Wireline Business								
Total Accesses (EOP)	758,477	644,457	-15.0%	701,098	-8.1%	758,477	644,457	-15.0%
Direct (3)	431,851	476,106	10.2%	482,540	-1.3%	431,851	476,106	10.2%
Indirect	326,626	168,351	-48.5%	218,558	-23.0%	326,626	168,351	-48.5%
Direct access as % Customer Revenues	73.1%	72.6%	-0,5pp	71.4%	1,2pp	75.7%	69.7%	-6pp
Sonaecom								
Total Employees	1,875	1,973	5.2%	1,921	2.7%	1,875	1,973	5.2%
Telecomunications	446	442	-0.9%	419	5.5%	446	442	-0.9%
SSI	378	471	24.6%	453	4.0%	378	471	24.6%
Media	276	273	-1.1%	270	1.1%	276	273	-1.1%
Shared Services(4) and Corporate Centre	775	787	1.5%	779	1.0%	775	787	1.5%

(1) Active Customers with Revenues generated during the last 90 days; (2) Minutes of Use per Customer per month; (3) Number of Direct Acesses for periods from 3Q07 until 3Q08 were restated; (4) Shared Services includes, among other functions, Customer Service, Technical, IT/IS, Accounting, Legal and Regulation.

Million euros

CONSOLIDATED FINANCIAL KPI's	3Q07	3Q08	y.o.y	2Q08	q.o.q	9M07	9M08	y.o.y
Turnover	230.8	251.3	8.9%	237.9	5.6%	644.3	726.9	12.8%
Service Revenues	212.1	221.9	4.6%	215.1	3.2%	589.4	654.0	11.0%
Customer Revenues	156.3	165.8	6.1%	169.0	-1.9%	438.3	506.7	15.6%
Operator Revenues	55.7	56.1	0.6%	46.1	21.7%	151.0	147.3	-2.4%
EBITDA	47.4	48.2	1.7%	34.6	39.3%	120.6	116.9	-3.0%
EBITDA Margin (%)	20.5%	19.2%	-1,3pp	14.6%	4,6pp	18.7%	16.1%	-2,6pp
EBT	3.5	3.3	-6.9%	-9.7	-	1.4	-13.7	-
Net Results - Group Share (1)	7.6	4.1	-46.1%	-6.7	-	2.9	-8.1	-
Operating CAPEX (2)	54.2	46.7	-13.8%	35.0	33.4%	110.5	114.4	3.6%
Operating CAPEX as % of Turnover	23.5%	18.6%	-4,9pp	14.7%	3,9pp	17.1%	15.7%	-1,4pp
EBITDA - Operating CAPEX	-6.8	1.5	-	-0.4	-	10.1	2.5	-75.6%
Total CAPEX	89.4	49.4	-44.8%	126.2	-60.9%	159.3	211.0	32.5%
FCF (3)	-19.3	-13.4	30.3%	-25.1	46.5%	55.7	-71.2	-

(1) Net Results after Minority Interests; (2) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments; (3) FCF Levered after Financial Expenses but before Capital Flows and Financing related up-front Costs.

- **Customers:** (i) Mobile customers increased by 10.8% to 3.058 million at the end of 3Q08; net additions in the quarter were 76.2 thousand, 38.1% higher than in 2Q08. Data revenues represented 22.7% of service revenues in the quarter, up 4.4pp against 3Q07; (ii) Total wireline direct accesses reached 476.1 thousand, 10.2% above last year. Direct accesses decreased by 1.3% in 3Q08, compared to 2Q08, as a result of competitive pressures that have led us to focus less on ULL customer acquisition at this stage, the material deceleration of the fixed broadband market and the growing use of mobile broadband. It should be noted that we have restated the number of direct accesses since 3Q07, to reflect the final numbers of active accesses effectively acquired from ONI and Tele2, and thus the real starting position, and to incorporate the impact of the new internal dunning procedures, implemented as a result of shorter judicial timeframe to claim overdue invoices. The combined restatement to the 3Q07 direct accesses is 40 thousand.
- **Personnel:** total employees increased by 5.2% compared to 3Q07 mostly due to the integration, at the level of our SSI business, of personnel from Cape Technologies (this acquisition was only effective in the beginning of 4Q07). Total headcount increased by 2.7% compared to the previous quarter.
- **Consolidated Service Revenues** increased by 4.6% against 3Q07, mainly as a result of a 6.1% increase in customer revenues but also due to a stable level of operator revenues, despite the negative impacts of lower roaming-in revenues (-20.7% vs. 3Q07) and the impact of the new MTR levels.
- **Consolidated EBITDA** increased by 1.7% against 3Q07, to 48.2 million euros, driven by the improved contributions from the Wireline and SSI Businesses and the lower level of EBITDA losses at Público. EBITDA margin, as expected, deteriorated by 1.3pp to 19.2% (but improved 4.6pp against the previous quarter) mainly due to: (i) the negative impact of lower roaming-in tariffs; (ii) the significant increase of IT products sales that carry lower margins at SSI; and (iii) increased customer service costs, aimed at improving loyalty and customer satisfaction.

3. Consolidated Results

3.1. Consolidated Income Statement

CONSOL. INCOME STATEMENT	3Q07	3Q08	y.o.y	2Q08	q.o.q	9M07	9M08	y.o.y
Turnover	**230.8**	**251.3**	**8.9%**	**237.9**	**5.6%**	**644.3**	**726.9**	**12.8%**
Mobile	161.5	165.5	2.5%	151.5	9.2%	455.0	468.6	3.0%
Wireline	66.9	72.6	8.5%	72.4	0.2%	177.6	220.1	24.0%
Público	7.0	7.1	2.6%	9.4	-24.3%	23.6	24.4	3.2%
SSI	20.6	31.2	51.2%	27.4	13.7%	53.4	85.7	60.4%
Other & Eliminations	-25.1	-25.1	0.1%	-22.9	-9.7%	-65.3	-71.9	-10.0%
Other Revenues	**2.2**	**1.4**	**-35.0%**	**2.8**	**-49.8%**	**4.2**	**5.7**	**35.7%**
Operating Costs	**182.7**	**197.7**	**8.2%**	**202.3**	**-2.3%**	**518.7**	**601.1**	**15.9%**
COGS	27.2	36.0	32.3%	30.2	19.2%	74.7	92.0	23.1%
Network Costs (1)	77.0	76.7	-0.4%	84.3	-9.1%	215.5	244.7	13.6%
Personnel Costs	22.3	21.8	-2.0%	22.7	-4.0%	69.1	70.6	2.2%
Marketing & Sales	25.6	26.4	3.0%	25.9	1.6%	69.6	78.8	13.2%
Outsourcing Services (2)	15.8	19.1	21.2%	21.4	-10.5%	45.8	62.1	35.6%
General & Administrative Expenses	11.8	13.8	17.2%	14.0	-1.2%	34.5	41.6	20.7%
Other Operating Costs	3.1	4.0	26.0%	3.8	5.2%	9.6	11.3	17.3%
Provisions and Impairment Losses	**2.9**	**6.8**	**135.9%**	**3.8**	80.3%	**9.2**	**14.7**	**58.9%**
EBITDA	**47.4**	**48.2**	**1.7%**	**34.6**	**39.3%**	**120.6**	**116.9**	**-3.0%**
EBITDA Margin (%)	20.5%	19.2%	-1.3pp	14.6%	4.6pp	18.7%	16.1%	-2.6pp
Mobile	44.5	43.5	-2.2%	29.0	50.1%	118.2	105.7	-10.6%
Wireline	3.6	4.5	24.6%	1.5	199.9%	4.4	8.5	94.7%
Público	-1.5	-1.2	19.7%	-0.4	-	-3.5	-2.8	20.1%
SSI	1.5	1.6	7.1%	2.8	-41.0%	4.2	5.3	25.6%
Other & Eliminations	-0.7	-0.2	0.7	1.7	-	-2.7	0.2	-
Depreciation & Amortization	34.4	40.4	17.4%	40.5	-0.3%	101.5	118.3	16.5%
EBIT	**13.0**	**7.8**	**-40.0%**	**-5.9**	**-**	**19.1**	**-1.4**	**-**
Net Financial Results	**-9.4**	**-4.5**	**52.4%**	**-3.7**	**-19.8%**	**-17.6**	**-12.4**	**29.9%**
Financial Income	5.3	1.0	-81.6%	0.8	17.9%	17.2	2.6	-84.9%
Financial Expenses	14.7	5.5	-63.0%	4.6	19.4%	34.8	15.0	-57.1%
EBT	**3.5**	**3.3**	**-6.9%**	**-9.7**	**-**	**1.4**	**-13.7**	**-**
Tax results	4.2	0.9	-79.0%	3.1	-71.5%	1.7	5.8	-
Net Results	**7.7**	**4.2**	**-45.9%**	**-6.6**	**-**	**3.1**	**-7.9**	**-**
Group Share	7.6	4.1	-46.1%	-6.7	-	2.9	-8.1	-
Attributable to Minority Interests	0.1	0.1	-23.9%	0.1	-51.0%	0.2	0.2	5.3%

(1) Network Costs = Interconnection plus Leased Lines plus Content plus Other Network Operating Costs; (2) Outsourcing Services = Customer Services plus Consultants plus Subcontracts.

Turnover

Consolidated turnover totalled 251.3 million euros in 3Q08, 8.9% above 3Q07, as a result of a combination of higher service revenues (+4.6%), driven by a 6.1% improvement in customer revenues, and significantly higher product sales and equipment (+56.8%).

Consolidated service revenues increased to 221.9 million euros, on the back of increased contributions from our Wireline and SSI businesses. The breakdown of this consolidated performance was as follows:

a) 8.4% higher service revenues at our Wireline Business;
b) 0.6% increase in service revenues at our Mobile Business, despite: (i) the impact, in operator revenues, of lower roaming-in revenues and of the new MTR programme; and (ii) the increased competitiveness in certain segments of the market, that led to a decrease in the average revenue per minute;
c) 36.5% higher service revenues at SSI, driven by the positive performance of all its businesses, particularly WeDo, that has grown by 49.5% y.o.y.;
d) 7.8% reduction in advertising revenues at Público, as a result of the deterioration of the advertising market conditions.

Importantly, consolidated customer revenues continued to grow at a high pace: 6.1% when compared to 3Q07, driven by strong customer revenue growth at both our Wireline (+14.8%) and SSI (+36.5%).

Operating costs
Total operating costs reached 197.7 million euros in 3Q08, an increase of 8.2% y.o.y.. Total operating costs excluding COGS were only 4.0% higher than in 3Q07, representing 72.9% of service revenues, approximately 0.5pp below the level registered in 3Q07.

The main drivers of the evolution of operating costs, in addition to the contributions from the businesses acquired in 2007, were the following:

a) **network costs** fell by 0.4% when compared to 3Q07, partly driven by renegotiations carried out with a number of key network suppliers, which have led to substantial discounts on several service cost items and by lower ULL set-up costs, the latter as a result of the lower level of customer acquisition. These factors have more than compensated the 5.4% increase in interconnection and content costs, due to higher level of traffic volumes and to the enlarged ULL customer base, which led to significantly higher ULL monthly fee related costs and despite the new MTRs that became effective on 23 August 2008;
b) **marketing & sales costs** increased by 3.0% driven mainly by the Telco Business investments in customer acquisition, in the launch of new products and services and on related advertising campaigns;
c) **general & administrative costs** increased by 2.0 million against 3Q07, mainly as a consequence of: (i) the increased customer base at our Mobile Business and related license costs; and (ii) the significant growth of post-paid mobile customers and larger customer base at our Wireline Business with the consequent billing & support requirements and related expenses; and
d) **outsourcing costs** increased by 3.3 million, mainly driven by: (i) higher customer service costs, aimed at improving customer satisfaction across our Telco Businesses; and (ii) higher outsourcing costs at SSI, due to requirement to support its material top line growth.

Staff costs decreased by 2.0% against 3Q07, reflecting the higher level of capitalisation of staff costs related with specific network development projects and the gains resulting from the re-evaluation, at market prices, of the cash settled liability associated with the employees' medium term incentive plan.

Importantly, the finalisation of the integration processes of the businesses acquired during 2007 has led to some operational efficiencies, as demonstrated by the 2.3% reduction of total OPEX against the previous quarter.

Provisions and impairment losses increased y.o.y. in 3Q08 by approximately 3.9 million euros as a result of: (i) lower provisions for stock depreciation at our Telco Businesses; and (ii) higher provisions for bad debt, driven by our decision to reinforce such provisions due to the combination of higher sustained level of billing and the deteriorating economic environment.

EBITDA
As a result of the performance detailed above, in terms of revenues and costs, consolidated EBITDA improved by 1.7% to 48.2 million euros in 3Q08 generating a margin of 19.2%, compared to a margin of 20.5% in 3Q07 and 14.6% in 2Q08. The breakdown of EBITDA performance by business was as follows:

a) EBITDA at our Mobile Business was of 43.5 million euros, down by 2.2% when compared to 3Q07, mainly explained by lower roaming-in revenues, the 6.8% increase in marketing & sales costs in the quarter and by the 19.9% increase in outsourcing costs (including customer service), partially offset-set by the 21% increase registered in Other revenues, which were not compensated by savings achieved in network operating costs and in personnel costs;
b) The Wireline Business generated an EBITDA of 4.5 million euros (24.6% above 3Q07), reflecting the improved scale benefits resulting from the enlarged direct access business;
c) EBITDA at SSI increased by 7.1% to 1.64 million euros in 3Q08. The higher service revenues in all SSI companies and the improved EBITDA performance at Mainroad and Bizdirect, were the main contributors to the underlying EBITDA performance at SSI;
d) Público's EBITDA was negative 1.24 million euros, which nevertheless represented an improvement of 19.7% when compared to 3Q07, with the improved performance in newspaper sales (2.0% above 3Q07) and in associated product sales (+34.7%), partially off-set by the negative performance in advertising revenues.

Net Profit

Net results group share were positive 4.1 million euros in 3Q08, compared to the positive 7.6 million euros result in 3Q07 and a loss of 6.7 million in 2Q08.

Depreciation and amortization charges increased by 6 million euros compared to 3Q07 to 40.4 million euros, driven by the increased asset base resulting from our investments in expanding both our mobile and wireline access networks as well as from the businesses acquired during 2007. It should be noted that, during the quarter we began to depreciate the 89 million euros intangible asset registered as CAPEX in the previous quarter in relation to the obligations assumed under the "e-Initiatives" programme.

When compared to 2Q08, net financial charges increased by 19.8%, to 4.5 million euros in 3Q08, reflecting: (i) higher interest expense, up by 0.5 million euros, due to higher average gross debt in the quarter and to the slight increase in the average cost of debt (from 5.1% in 2Q08 to 5.2% in 3Q08), as a reflection of movements in market rates; (ii) 0.4 million higher foreign exchanges losses in the quarter, mainly associated with the international activities of WeDo; and (iii) an increase of interest income by 0.2 million euros.

The tax line in 3Q08 showed a benefit of 0.9 million euros, compared to a benefit of 4.2 million euros in 3Q07, due to both the lower EBT level and to movements in deferred tax assets at our Telecoms Business, mainly impacting the 3Q07 figure.

3.2. Consolidated Balance Sheet

Million euros

CONSOLIDATED BALANCE SHEET	3Q07	3Q08	y.o.y	2Q08	q.o.q
Total Net Assets	**1,602.7**	**1,808.3**	**12.8%**	**1,795.5**	**0.7%**
Non Current Assets	1,302.4	1,453.1	11.6%	1,443.4	0.7%
Tangible and Intangible Assets	692.8	816.8	17.9%	808.6	1.0%
Goodwill	523.0	525.9	0.5%	525.8	0.0%
Investments	1.9	2.0	1.1%	2.0	0.0%
Deferred Tax Assets	67.4	108.5	61.0%	107.0	1.4%
Others	17.3	0.0	-100.0%	0.0	-
Current Assets	300.3	355.2	18.3%	352.1	0.9%
Trade Debtors	159.1	188.7	18.6%	185.7	1.6%
Liquidity	13.9	3.6	-74.1%	6.9	-48.2%
Others	127.3	162.9	27.9%	159.5	2.1%
Shareholders' Funds	**900.7**	**920.7**	**2.2%**	**921.6**	**-0.1%**
Group Share	900.0	919.7	2.2%	920.6	-0.1%
Minority Interests	0.7	1.1	53.5%	1.0	5.2%
Total Liabilities	**702.0**	**887.5**	**26.4%**	**873.9**	**1.6%**
Non Current Liabilities	356.7	484.6	35.9%	478.7	1.2%
Bank Loans	307.8	362.3	17.7%	355.1	2.0%
Provisions for Other Liabilities and Charges	30.9	33.6	8.7%	32.5	3.5%
Others	18.0	88.7	-	91.1	-2.6%
Current Liabilities	345.4	402.9	16.7%	395.2	1.9%
Bank Loans	0.2	5.0	-	0.7	-
Trade Creditors	130.4	177.3	36.0%	174.8	1.5%
Others	214.8	220.6	2.7%	219.7	0.4%
Operating CAPEX (1)	54.2	46.7	-13.8%	35.0	33.4%
Operating CAPEX as % of Turnover	23.5%	18.6%	-4,9pp	14.7%	3,9pp
Total CAPEX	89.4	49.4	-44.8%	126.2	-60.9%
EBITDA - Operating CAPEX	-6.8	1.5	-	-0.4	-
Operating Cash Flow (2)	33.0	-4.4	-	-20.6	78.6%
FCF (3)	-19.3	-13.4	30.3%	-25.1	46.5%
Gross Debt	327.2	386.4	18.1%	374.3	3.2%
Net Debt	313.4	382.9	22.2%	367.4	4.2%
Net Debt/ EBITDA last 12 months	2.0 x	2.4 x	0,4x	2.3 x	0,1x
EBITDA/Interest Expenses(4) (last 12 months)	5.4 x	8.5 x	3,1x	8.0 x	0,5x
Debt/Total Funds (Debt + Shareholders' Funds)	26.6%	29.6%	2,9pp	28.9%	0,7pp

(1) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments; (2) Operating Cash Flow = EBITDA - Operating CAPEX Change in WC -Non Cash item & Other; (3) FCF Levered after Financial Expenses but before Capital Flows and Financing related up-front Costs; (4) Interest Cover.

Capital structure

Consolidated gross debt continues to be primarily contracted by Sonaecom SGPS and efficient internal cash management is being used to allocate cash between our subsidiaries. At the end of 3Q08, the weighted average maturity of Sonaecom Group credit lines stood at approximately 3.2 years.

Consolidated gross debt totalled 386.4 million euros, 12.1 million euros above the level at the end of 2Q08 and mainly comprised:

- 150 million euros long-term privately placed Bonds, due in 2013;
- 213.5 million euros used under the 250 million euros underwritten committed Commercial Paper Programme contracted in 2007 and with final maturity in 2012;
- 4.9 million euros of short term bank debt, out of a total of approximately 20 million of short term credit facilities; and
- 19.2 million euros of long term financial leases.

In addition to the above identified long credit lines, Sonaecom has another, currently unutilised, underwritten Commercial Paper Programme totalling 70 million euros, which is fully committed for a rolling period of 364 days.

As a result of Interest Rate Swaps negotiated during 2007 (with maturities between March and June 2009), approximately 48% of the consolidated gross debt is currently based on fixed rates.

Consolidated net debt at the end of 3Q08 stood at 382.9 million euros, an increase of 15.5 million euros compared to 2Q08, mainly reflecting the FCF evolution in the quarter.

At the end of 3Q08, Net Debt to annualised EBITDA increased marginally, when compared to 2Q08, to 2.4x, reflecting the increase in net debt registered in the quarter, while 12 months' trailing Interest Cover improved to 8.5x. The ratio of Consolidated Debt to Total Funds also remained approximately stable, having reached 29.6% in 3Q08 (against 28.9% in 2Q08), reflecting the above mentioned movements in gross debt and the 0.9 million euros decrease in Shareholder's Funds. The latter resulted mainly from the acquisition of own shares in the quarter totalling 4.7 million euros, pursuant to the authorisations granted by shareholders at Sonaecom's Shareholders General Meetings held during 2008, which has more than off-set the positive net income generated in the quarter.

At the end of 3Q08, the sum of cash and non-utilized committed credit lines at the Sonaecom Group stood at approximately 125 million euros. As indicated above, of currently utilised facilities, no amortizations of bank loans are scheduled until mid-2010.

CAPEX

Total consolidated CAPEX in the quarter was 49.4 million euros while Operating CAPEX reached 46.7 million euros, 13.8% below 3Q07, and representing 18.6% of turnover.

The decrease in Operating CAPEX in the quarter was mainly driven by the lower level of investments in our Mobile Business (10.7 million euros decrease over 3Q07). It should nevertheless be noted that the level of CAPEX in 3Q07 included 18.6 million euros related to an agreed network equipment swap in relation to part of our network. Excluding this effect, our consolidated and mobile operating CAPEX would have increased by 31.1% and 28.4%, respectively.

Shareholders' Funds

At the end of 3Q08, shareholders' funds totalled 920.7 million euros, compared to 921.6 million euros at the end of 2Q08, reflecting mainly the net profit of 4.2 million euros generated in the quarter, which was more than compensated by the acquisition of own shares with a market value of 4.7 million Euros.

FCF

Million euros								
LEVERED FREE CASH FLOW	3Q07	3Q08	y.o.y	2Q08	q.o.q	9M07	9M08	y.o.y
EBITDA-Operating CAPEX	**-6.8**	**1.5**	**-**	**-0.4**	**-**	**10.1**	**2.5**	**-75.6%**
Change in WC	21.9	-8.0	-	-20.7	61.5%	-4.2	-60.8	-
Non Cash Items & Other	17.9	2.0	-88.6%	0.4	-	31.3	4.7	-84.9%
Operating Cash Flow	**33.0**	**-4.4**	**-**	**-20.6**	**78.6%**	**37.2**	**-53.6**	**-**
Financial Investments	-49.9	0.0	100.0%	0.9	-100.0%	58.1	-0.2	-
Own shares	0.0	-4.7	-	-1.4	-	-8.9	-6.1	32.0%
Public Tender Offer	-0.7	0.0	100.0%	0.0	-	-20.3	-0.1	99.4%
Financial results	-1.6	-4.3	-163.2%	-4.1	-6.1%	-10.0	-11.3	-13.0%
Income taxes	0.0	0.0	-	0.0	-	-0.5	0.0	100.0%
FCF	**-19.3**	**-13.4**	**30.3%**	**-25.1**	**46.5%**	**55.7**	**-71.2**	**-**

Consolidated FCF in 3Q08 was negative 13.4 million euros, compared to a negative 19.3 million euros in 3Q07 and to a negative 25.1 million euros in the previous quarter, and comprised the following key elements:

- EBITDA minus Operating Capex of 1.5 million euros;
- Working Capital deterioration of 8.0 million euros, reflecting an increase in stocks and in accounts receivable, lower credit from trade creditors and notwithstanding higher credit from fixed asset suppliers;
- Acquisition of own shares during 3Q08, in the amount of 4.7 million euros; and
- Financial outflows of 4.3 million euros, in line with the previous quarter.

4. Telecommunications

4.1. Mobile Business

As a result of commercial initiatives implemented in 2008 and of the investments made in supporting the brand, improving distribution capacity and customer service, our mobile business continues to enlarge its presence in the market, registering growth across all mobile segments.

4.1.1. Operational data

MOBILE OPERATIONAL KPI's	3Q07	3Q08	y.o.y	2Q08	q.o.q	9M07	9M08	y.o.y
Customers (EOP) ('000)	2,761.1	3,058.3	10.8%	2,982.1	2.6%	2,761.1	3,058.3	10.8%
Net Additions ('000)	87.2	76.2	-12.6%	55.2	38.1%	159.2	164.8	3.5%
% Pre-paid Customers	74.4%	69.9%	-4,4pp	70.5%	-0,6pp	74.4%	69.9%	-4,4pp
Active Customers (1)	2,203.2	2,410.9	9.4%	2,326.3	3.6%	2,154.2	2,342.5	8.7%
Data as % Service Revenues	18.2%	22.7%	4,4pp	21.3%	1,4pp	17.1%	21.5%	4,4pp
Total #SMS/month/user	45.6	54.5	19.6%	57.6	-5.3%	45.2	51.5	14.0%
MOU (2) (min.)	120.7	134.8	11.7%	129.1	4.4%	117.2	127.4	8.6%
ARPU (euros)	19.2	17.4	-9.1%	16.8	3.4%	18.3	17.1	-6.5%
ARPM (3) (euros)	0.16	0.13	-18.6%	0.13	-1.0%	0.16	0.13	-13.9%
SAC&SRC (4) (million euros)	35.1	39.0	11.0%	37.3	4.5%	90.3	112.4	24.5%

(1) Active Customers with Revenues generated on last 90 days; (2) Minutes of Use per Customer per month; (3) Average Revenue per Minute; (4) Total Acquisition & Retention Costs.

Customer base

Mobile customer base increased by 10.8% to 3.058 million customers at the end of 3Q08, compared to 2.761 million at the end of 3Q07 and 2.982 million at 2Q08, with net additions surpassing 76 thousand in the quarter, up by 38.1% compared to 2Q08, a demonstration of the continued progress in our growth strategy and the success of the innovative products and services we have launched in the market. Active customers at the end of 3Q08 totalled 2.411 million, as compared to 2.203 million at the end of 3Q07, an increase of 9.4%.

Contract customers continued to increase their weight in the total customer base, having reached, for the first time, more than 30% of the total mobile base. At the end of 3Q08, these customers represented 30.1% of total customers, an increase of 4.4pp against 3Q07 and 0.6pp against 2Q08.

During 3Q08, Mobile customer's ARPU was 17.4 euros, down from 19.2 euros in 3Q07 but up by 3.4% against the previous quarter. Of the 3Q08 ARPU, 13.0 euros related to customer monthly bill and 4.4 euros to operator revenues, compared to 14.2 euros and 5.0 euros respectively, in 3Q07.

Data usage

During 3Q08, we were able to maintain our leading position in retail sales of wireless broadband and again achieved a material growth of data usage, namely through the promotion of our mobile broadband product "Kanguru", based on HSDPA/HSUPA technologies, now offering download speeds of up to 7.2 Mbps and upload speeds of up to 1.4Mbps.

The governmental programme ("e-Initiatives") aimed at the development of the 'Information Society' in Portugal, continues to contribute to maintaining mobile broadband market growth at a high pace and all three mobile operators have been active in contributing to this programme (as part of the agreements reached with the Government to fulfil the obligations under the UMTS licenses).

During the quarter, Optimus received another international award, this time the "Broadband Wireless Service Innovation Award" in a contest promoted by a leading specialised publication (Global Telecoms Business), in recognition for our pioneering role in the development of Mobile Broadband and of innovative role that our Kanguru product has had, since its launch in 2005, in the Portuguese telecoms market.

Data revenues represented 22.7% of service revenues in 3Q08, an improvement of 4.4pp vs. 3Q07 and 1.4pp over 2Q08, as the result of our promotional efforts to increase usage of data services and the success of our wireless broadband solutions. Non-SMS related data services continued to increase their weight in data revenues, accounting for almost 66% of total data revenues in 3Q08, compared to only 49.4% in 3Q07. The revenues from non-SMS data services continue to post significant increases, having grown by more than 72% from 3Q07 to 3Q08.

Mobile access network

During 3Q08, as part of the announced investment plan for the year, we continued to invest in the coverage and capacity of our mobile network, with the deployment of new UMTS sites and with the upgrade of our 3G network with HSDPA. By the end of 3Q08, Optimus' 3G network covered circa 81% of the Portuguese population and of which almost 80% with HSDPA technology, offering bandwidths of up to 7.2 Mbps.

4.1.2. Financial data

Million euros

MOBILE INCOME STATEMENT	3Q07	3Q08	y.o.y	2Q08	q.o.q	9M07	9M08	y.o.y
Turnover	**161.5**	**165.5**	**2.5%**	**151.5**	**9.2%**	**455.0**	**468.6**	**3.0%**
Service Revenues	152.3	153.2	0.6%	144.3	6.2%	429.7	441.4	2.7%
Customer Revenues	112.7	114.0	1.1%	112.0	1.8%	324.0	337.8	4.3%
Operator Revenues	39.6	39.2	-1.1%	32.3	21.2%	105.7	103.6	-2.0%
Equipment Sales	9.2	12.4	34.4%	7.2	70.9%	25.3	27.2	7.5%
Other Revenues	**10.1**	**12.2**	**21.0%**	**12.5**	**-2.2%**	**27.1**	**34.8**	**28.6%**
Operating Costs	**125.3**	**130.7**	**4.3%**	**132.5**	**-1.3%**	**358.4**	**389.3**	**8.6%**
COGS	19.8	21.4	8.0%	17.2	24.3%	52.2	53.9	3.2%
Interconnection & Contents	35.3	35.3	0.2%	35.5	-0.5%	101.4	106.5	5.0%
L.Lines & other Network Operating Costs	13.8	11.9	-13.6%	15.2	-21.4%	42.0	42.0	-0.1%
Personnel Costs	12.2	11.2	-8.9%	13.3	-16.4%	38.3	37.2	-3.0%
Marketing & Sales	20.1	21.5	6.8%	20.4	5.4%	53.6	62.7	17.0%
Outsourcing Services (1)	13.6	16.2	19.9%	17.1	-4.8%	39.0	48.3	24.0%
General & Administrative Expenses	8.0	9.5	20.0%	10.3	-7.0%	23.5	28.2	20.4%
Other Operating Costs	2.6	3.6	39.8%	3.6	2.4%	8.4	10.5	25.1%
Provisions and Impairment Losses	**1.7**	**3.4**	**100.3%**	**2.5**	**40.0%**	**5.5**	**8.5**	**55.2%**
Service Margin (2)	**117.0**	**117.8**	**0.7%**	**108.8**	**8.3%**	**328.3**	**334.9**	**2.0%**
Service Margin (%)	76.9%	76.9%	0,1pp	75.4%	1,5pp	76.4%	75.9%	-0,5pp
EBITDA	**44.5**	**43.5**	**-2.2%**	**29.0**	**50.1%**	**118.2**	**105.7**	**-10.6%**
EBITDA Margin (%)	27.6%	26.3%	-1,3pp	19.1%	7,2pp	26.0%	22.5%	-3,4pp
Tender Offer related costs	10.0	0.0	-100.0%	0.0	-	10.0	0.0	-100.0%
Depreciation & Amortization	28.8	32.2	11.8%	32.2	0.0%	85.7	93.4	9.1%
EBIT	**5.6**	**11.3**	**99.9%**	**-3.2**	**-**	**22.5**	**12.2**	**-45.8%**
Operating CAPEX (3)	46.6	35.9	-22.9%	25.1	43.3%	76.7	86.8	13.2%
Operating CAPEX as % of Turnover	28.8%	21.7%	-7,1pp	16.5%	5,1pp	16.9%	18.5%	1,7pp
EBITDA - Operating CAPEX	-2.1	7.6	-	3.9	93.3%	41.5	18.8	-54.7%
Total CAPEX	47.1	38.6	-18.2%	117.7	-67.2%	87.7	184.9	110.7%

(1) Outsourcing Services = Customer Services plus Consultants plus Subcontracts; (2) Service Margin = Service Revenues minus Interconnection & Content Costs; (3) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

Turnover

Mobile service revenues increased by 0.6% to 153.2 million euros compared to 152.3 million euros in 3Q07, driven by the 1.1% growth in customer revenues, which more than compensated the 1.1% decrease in operator revenues (driven by the lower level of roaming-in tariffs and the introduction of the new MTRs programme). Total turnover increased y.o.y. by 2.5% as a result of the growth in service revenues as well as in the level of equipment sales (+34.4% against LYSQ).

EBITDA

Mobile EBITDA in 3Q08 reached 43.5 million euros and generated a margin of 26.3%, representing a decrease of 1.3pp, when compared to 3Q07. This decline was primarily the result of the combination of higher Marketing & Sales costs, lower roaming-in revenues and higher outsourcing services (+2.6 million euros) and G&A costs (+1.5 million euros) when compared to 3Q07, partially off-set by a 21% increase in Other revenues, driven by the increased customer base and related license costs; the significant growth of post-paid customers (and related billing requirements) and the increase in customer service costs.

4.2. Wireline Business

Competitive pressures continue to be particularly visible in the wireline segment, with significant price promotions prevailing in the voice, broadband and TV segments. In this market environment, we have continued to focus on protecting the direct access broadband business with particular efforts made to reducing levels of churn, improving loyalty and reinforcing our IPTV and Home Video services (now with almost 100 channels and 800 movie titles), while continuously working to improve customer service.

4.2.1. Operational data

WIRELINE OPERATIONAL KPI's	3Q07	3Q08	y.o.y	2Q08	q.o.q	9M07	9M08	y.o.y
Total Accesses (EOP) (1)	758,477	644,457	-15.0%	701,098	-8.1%	758,477	644,457	-15.0%
Voice	520,197	399,774	-23.1%	446,052	-10.4%	520,197	399,774	-23.1%
Direct	237,658	258,820	8.9%	261,116	-0.9%	237,658	258,820	8.9%
Indirect	282,539	140,954	-50.1%	184,936	-23.8%	282,539	140,954	-50.1%
ADSL	209,651	219,482	4.7%	227,237	-3.4%	209,651	219,482	4.7%
Direct	182,007	197,998	8.8%	202,228	-2.1%	182,007	197,998	8.8%
Indirect	27,644	21,484	-22.3%	25,009	-14.1%	27,644	21,484	-22.3%
Other & Data	28,629	25,201	-12.0%	27,809	-9.4%	28,629	25,201	-12.0%
Direct	12,186	19,288	58.3%	19,196	0.5%	12,186	19,288	58.3%
Indirect	16,443	5,913	-64.0%	8,613	-31.3%	16,443	5,913	-64.0%
Total Direct Accesses	431,851	476,106	10.2%	482,540	-1.3%	431,851	476,106	10.2%
Total Indirect Accesses	326,626	168,351	-48.5%	218,558	-23.0%	326,626	168,351	-48.5%
Unbundled COs with transmission	157	174	10.8%	174	0.0%	157	174	10.8%
Unbundled COs with ADSL2+	148	166	12.2%	166	0.0%	148	166	12.2%
Direct access as % Cust. Revenues	73.1%	72.6%	-0,5pp	71.4%	1,2pp	75.7%	69.7%	-6pp
Average Revenue per Access - Retail (2)	22.3	21.6	-3.4%	21.1	2.3%	23.1	21.5	-6.7%

(1) Number of Direct Acesses for periods from 3Q07 until 3Q08 were restated; (2) Excluding Mass Calling services' revenues and recalculated in 3Q08 according to the restated number of accesses

Customer base

It should be noted that in this quarter we have restated the number of direct accesses since 3Q07, to reflect the final numbers of active accesses effectively acquired from ONI and Tele2 and thus the real starting position and to incorporate the impact of the new internal dunning procedures, implemented as a result of the shorter judicial timeframe to claim overdue invoices. The combined restatement to the 3Q07 direct accesses is 40 thousand. This restatement of accesses provides a clearer starting point and allows for a like-for-like comparison and has naturally led to a corresponding adjustment to Average Revenue per Access.

At the end of 3Q08, total accesses reached 644.5 thousand, a decrease of 15.0% compared to 3Q07, with the 10.2% increase in direct accesses not sufficient to compensate the 48.5% reduction in indirect accesses, as a reflection of the expected market evolution of migration of indirect voice customers to direct access (including bundled) offers. Direct accesses represented 72.6% of the Wireline Business total accesses at the end of 3Q08, compared to 71.4% in 2Q08.

Direct net additions in 3Q08 were negative 6 thousand accesses mainly as a result of the deceleration that the total fixed broadband market in Portugal experienced in the last quarters, together with the fact that during the quarter we have not expanded the addressable market for ULL as we have not opened any new CO for ADSL2+ services.

The average Wireline retail revenue per access decreased to 21.6 euros, down by 3.4% against 3Q07, driven mainly by the negative impact of our promotion campaigns carried out in 2008, in response to similar pricing movements launched by our main competitors.

Services

During 3Q08, we also continued to reinforce our IPTV offers by adding new contents, including the introduction of new channels such as “Nat Geo Wild”, “PFC - Premiere Futebol Clube” and “The Style Network” and, most importantly, the launch of our first High-Definition channel (Luxe TV HD). It is important to note that Clix SmarTV is still the only service which includes reference channels such as Fox and Sony Entertainment Television in its base offer. Competitors have been typically including these channels only in their most expensive offers or as *premium* channels, requiring the payment of an extra monthly fee for each of them.

Wireline access network

During 3Q08 we did not unbundle any new CO for SHDSL circuit interconnection. With these circuits (installed at 174 COs), Sonaecom is capable of operating direct connections for most of our mobile access network, thus further reducing the dependency on the incumbents’ leased circuits.

We also did not enlarge the addressable market of our ULL offers as, during 3Q08, we did not open any additional COs with ADSL2+. The addressable market of our ULL network continues to correspond to approximately 55% of total fixed lines in Portugal. Of the 166 central offices we have unbundled until 3Q08, approximately 72% are prepared with full triple play capability.

Fibre deployment

As regards our announced FTTH plan, we have now completed the initial phase of our deployment plan having reached our target in terms of homes passed by the end of 3Q08 in the initial coverage zones of Lisbon and Porto, and we are now, after the commercial launch in 3Q08 of our fibre offers, preparing the way for the next phases of deployment. The feedback we are receiving from connected customers is extremely positive, in terms of both their broadband and TV experience.

At the end of 3Q08, on the back of the preparation work carried out during 1H08 in terms of contents, organization and systems, we launched the first fibre commercial offer in Portugal. Under the “Clix Fibre” designation, customers will now have the chance to access to most advanced TV, Broadband, Home-Video and telephony services. With this new offer, fibre customers will have access to the fastest Internet offer in the market, with guaranteed speeds of up to 100 Mbps in the download, which will translate into an unprecedented user-experience. We have made available in our offers a set top box with PVR functionality. Taking advantage of our last generation infrastructure, the new fibre offer is, at this early-stage, available in certain areas of Lisbon (Benfica, Alta de Lisboa and Parque das Nações) and Porto (Carvalhido and Leça da Palmeira).

As a key element of the communication plan with the potential and existing customers, Clix has launched a new website (http://fibra.clix.pt) dedicated to this new service. The site presents the new fibre offer to our customers, with all the benefits of the service and available packs.

4.2.2. Financial data

Million euros

WIRELINE INCOME STATEMENT	3Q07	3Q08	y.o.y	2Q08	q.o.q	9M07	9M08	y.o.y
Turnover	**66.9**	**72.6**	**8.5%**	**72.4**	**0.2%**	**177.6**	**220.1**	**24.0%**
Service Revenues	66.7	72.3	8.4%	72.2	0.1%	177.3	219.5	23.8%
Customer Revenues	35.1	40.3	14.8%	44.6	-9.7%	89.8	133.7	48.8%
Direct Access Revenues	25.7	29.3	14.0%	31.8	-8.1%	68.0	93.2	37.0%
Indirect Access Revenues	8.7	10.3	18.3%	11.9	-13.3%	19.6	37.7	92.2%
Other	0.7	0.8	0.5%	0.9	-17.0%	2.2	2.8	26.0%
Operator Revenues	31.6	32.0	1.3%	27.6	15.9%	87.4	85.9	-1.8%
Equipment Sales	0.2	0.3	74.0%	0.2	51.7%	0.3	0.6	86.8%
Other Revenues	**0.8**	**0.4**	**-44.6%**	**-0.2**	**-**	**2.6**	**0.8**	**-68.0%**
Operating Costs	**63.3**	**65.2**	**3.1%**	**69.4**	**-6.0%**	**172.7**	**206.6**	**19.6%**
COGS	0.3	0.5	64.1%	0.3	74.1%	0.4	1.1	185.0%
Interconnection	35.2	37.6	6.8%	42.8	-12.0%	93.3	115.4	23.6%
L.Lines & other Network Operating Costs	10.2	9.2	-10.2%	7.1	30.0%	27.3	29.9	9.2%
Personnel Costs	2.2	2.1	-2.7%	2.4	-13.3%	6.9	7.1	3.8%
Marketing & Sales	4.6	4.0	-12.4%	4.1	-3.4%	12.8	12.5	-1.9%
Outsourcing Services (1)	8.2	9.9	20.3%	11.2	-11.8%	24.2	33.8	39.5%
General & Administrative Expenses	2.1	1.7	-19.5%	1.3	30.0%	6.5	6.2	-5.7%
Other Operating Costs	0.4	0.2	-57.9%	0.2	14.0%	1.2	0.6	-50.3%
Provisions and Impairment Losses	**0.8**	**3.3**	**-**	**1.3**	**161.6%**	**3.2**	**5.9**	**86.2%**
Service Margin (2)	**31.5**	**34.6**	**10.1%**	**29.4**	**17.7%**	**84.0**	**104.2**	**24.0%**
Service Margin (%)	47.2%	47.9%	0,7pp	40.8%	7,2pp	47.4%	47.4%	0,1pp
EBITDA	**3.6**	**4.5**	**24.6%**	**1.5**	**199.9%**	**4.4**	**8.5**	**94.7%**
EBITDA Margin (%)	5.4%	6.2%	0,8pp	2.1%	4,1pp	2.5%	3.9%	1,4pp
Tender Offer related costs	13.3	0.0	-	0.0	-	13.3	0.0	-100.0%
Depreciation & Amortization	5.2	7.8	50.3%	8.0	-2.4%	14.9	23.8	60.0%
EBIT	**-14.9**	**-3.3**	**77.7%**	**-6.5**	**48.9%**	**-23.8**	**-15.3**	**35.6%**
Operating CAPEX (3)	7.8	10.1	29.9%	9.6	5.0%	33.7	26.4	-21.7%
Operating CAPEX as % of Turnover	11.6%	13.9%	2,3pp	13.3%	0,6pp	19.0%	12.0%	-7pp
EBITDA - Operating CAPEX	-4.2	-5.6	-34.4%	-8.1	30.9%	-29.4	-17.9	39.0%
Total CAPEX	42.4	10.1	-76.3%	10.5	-3.9%	68.9	27.3	-60.4%

(1) Outsourcing Services = Customer Services plus Consultants plus Subcontracts; (2) Service Margin = Service Revenues minus Interconnection Costs; (3) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

Turnover

Turnover in 3Q08 amounted to 72.6 million euros, an increase of 8.5% over 3Q07, mainly due to the significant increase in customer revenues, up by 14.8%, driven by the growth in both direct access revenues (14% higher than in 3Q07 but 8.1% lower than in the previous quarter) and indirect access revenues that increased y.o.y. by 18.3%, to 10.3 million euros. The expected trend of reduction in indirect access customers has determined another q.o.q. reduction in the corresponding revenue line.

Direct access revenues accounted for 72.6% of customer revenues in the quarter, an increase of 1.2pp compared to the 2Q08, as a result of our continued focus on the direct access business.

EBITDA

Wireline EBITDA was positive 4.5 million euros, representing a 24.6% increase over the 3.6 million euros registered in 3Q07, and generated a margin of 6.2%. The y.o.y. improvement is primarily due to scale benefits arising from both the increased size of the ULL customer base achieved via organic growth and to the contribution from the businesses acquired last year. EBITDA margin increased by 4.1pp against the previous quarter as a result of the benefits of the new MTR programme and of savings achieved in several costs lines, despite the expected lower level of indirect access revenues.

5. Software and Systems Information (SSI)

SSI achieved a good set of operational and financial results with top-line growth driven by the performance of WeDo Technologies that continued to expand its customer base through its leading Revenue Assurance product ("RAID") and by the increased profitability at Mainroad (our IT company focused in IT Management, Security and Business Continuity) and Bizdirect (our Business Process Automation company).

WeDo continued to consolidate its international presence, grow its leading position in the international Revenue Assurance market, expand beyond its traditional telecoms customer base, and expand its product portfolio. Importantly, during 3Q08 WeDo launched its new Fraud Management System ("Fraud:RAID"), which can be implemented individually or as a fully integrated module of its current revenue assurance product. Also in this quarter, WeDo opened a new subsidiary in Mexico and a branch in Malaysia, increasing its presence and allowing for a more cost effective management of those regions.

5.1. Operational data

SSI OPERATIONAL KPI's	3Q07	3Q08	y.o.y	2Q08	q.o.q	9M07	9M08	y.o.y
IT Service Revenues/Employee (1) ('000 euros)	28.6	30.0	5.0%	29.7	1.2%	83.8	88.0	5.0%
Equipment Sales as % Turnover	44.4%	49.8%	5,4pp	46.1%	3,7pp	40.6%	47.6%	7pp
Equipment Sales/Employee (2) ('000 euros)	711.5	1,125.5	58.2%	975.1	15.4%	1,823.5	3,083.8	69.1%
EBITDA/Employee (3) ('000 euros)	4.0	3.4	-15.1%	3.0	16.2%	11.8	11.3	-3.7%
Employees	378	471	24.6%	453	4.0%	378	471	24.6%

(1) Excluding employees dedicated to Equipment Sales; (2) Bizdirect; (3) 2Q08 EBITDA excluding the EUR 1.4m gain registered in that quarter, in relation to Tecnológica's purchase process.

SSI continues to show a positive trend in productivity levels, that started in 1Q08 (after a fall in 4Q07 due to the integration of the companies acquired in 2007 and their comparatively lower productivity, a natural outcome during integration phases) with IT service revenues per employee again increasing to 30.0 thousand euros in 3Q08 (respectively, 5.0% and 1.2% above the levels registered in 3Q07 and in 2Q08), while equipment sales per employee have increased by more than 58% when compared to 3Q07. Total headcount at the end of 3Q08 increased to 471, 24.6% above 3Q07, mainly due to: (i) the consolidation of the companies acquired by WeDo during 4Q07 (Cape and Praesidium); and (ii) the need for additional internal consultants to support the increased level of activity.

During the quarter, **WeDo** obtained two new key accounts, namely leading telecom operators in Pakistan and in Italy. It is also worth noting that WeDo's costumer orders in the first nine months of the 2008 have increased by 33%, in comparison with the equivalent period in 2007, with YTD orders already overcoming the total amount obtained during FY07. YTD orders arising from international markets totalled approximately 60% of total orders.

Mainroad started during 3Q08 the expansion of its Data Centre in Porto, an investment that will amount to almost 1 million euros, in order to accommodate the growing number of customers and hosting requirements.

Bizdirect obtained a set of new contracts during the quarter, including from the Algarve Metropolitan Region, aimed at implementing electronic purchasing systems in all its 16 municipalities. It should be also highlighted the fact that Bizdirect has launched "BizGov", a new electronic purchasing platform aimed at the public sector, a key target segment for the company.

5.2. Financial data

Million euros

SSI CONS. INCOME STATEMENT	3Q07	3Q08	y.o.y	2Q08	q.o.q	9M07	9M08	y.o.y
Turnover	**20.63**	**31.18**	**51.2%**	**27.42**	**13.7%**	**53.41**	**85.65**	**60.4%**
Service Revenues	11.47	15.66	36.5%	14.79	5.9%	31.73	44.85	41.3%
Equipment Sales	9.16	15.52	69.5%	12.64	22.8%	21.68	40.81	88.2%
Other Revenues	**0.07**	**0.07**	**2.2%**	**1.55**	**-95.2%**	**0.32**	**1.69**	**-**
Operating Costs	**19.05**	**29.62**	**55.5%**	**26.19**	**13.1%**	**49.33**	**81.99**	**66.2%**
COGS	9.16	15.17	65.7%	12.21	24.2%	21.18	39.86	88.2%
Personnel Costs	5.09	6.72	32.1%	6.70	0.3%	14.98	20.37	36.0%
Marketing & Sales	0.17	0.18	7.2%	0.47	-61.3%	0.75	0.95	26.8%
Outsourcing Services (1)	2.88	4.90	70.1%	4.30	13.9%	7.32	13.39	83.0%
General & Administrative Expenses	1.74	2.55	46.8%	2.48	2.5%	4.92	7.32	49.0%
Other Operating Costs	0.02	0.10	-	0.02	-	0.20	0.11	-43.1%
Provisions and Impairment Losses	**0.13**	**0.00**	**-**	**0.01**	**-**	**0.19**	**0.07**	**-64.7%**
EBITDA	**1.53**	**1.64**	**7.1%**	**2.78**	**-41.0%**	**4.21**	**5.29**	**25.6%**
EBITDA Margin (%)	7.4%	5.3%	-2,2pp	10.1%	-4,9pp	7.9%	6.2%	-1,7pp
Depreciation & Amortization	0.50	0.51	2.4%	0.48	5.6%	1.20	1.49	24.3%
EBIT	**1.03**	**1.13**	**9.4%**	**2.29**	**-50.8%**	**3.01**	**3.80**	**26.0%**
Operating CAPEX (2)	0.11	0.67	-	0.29	133.8%	0.36	1.08	-
Operating CAPEX as % of Turnover	0.5%	2.1%	1,6pp	1.0%	1,1pp	0.7%	1.3%	0,6pp
EBITDA - Operating CAPEX	1.42	0.97	-31.7%	2.49	-61.0%	3.85	4.21	9.2%
Total CAPEX	0.16	0.70	-	-2.03	-	3.04	-1.31	-

(1) Outsourcing Services = Customer Services plus Consultants plus Subcontracts; (2) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

Turnover

SSI turnover increased significantly y.o.y and was up 51.2% in 3Q08 to 31.2 million euros, as a result of both higher IT equipment sales, which increased by almost 70% to 15.5 million euros, and higher service revenues, up by 36.5%, mainly driven by the 49.5% increase in service revenues at WeDo. It is also worth noting that all SSI's businesses have posted a y.o.y turnover growth above 10%. WeDo, that grew turnover by 49.5%, accounts for the majority (circa 70%) of SSI's service revenues.

During 3Q08, equipment sales represented 49.8% of turnover, an increase of 5.4pp over the level registered in 3Q07, driven by a positive contribution from the sale of computers at Bizdirect, partly related with the "e-Initiatives" programme launched by the Portuguese Government.

EBITDA

SSI EBITDA was positive 1.64 million euros in 3Q08, an increase of 7.1% against 3Q07, with EBITDA margin decreasing by 2.2pp to 5.3% due to the integration of the new businesses and to the significantly higher level of product sales at Bizdirect that carry lower margins. In relation to the q.o.q. evolution, it should be noted that SSI's EBITDA, in the previous quarter, was partly influenced by a one-off effect related to the recognition of a gain of 1.4 million euros in relation to the final closure of Tecnológica's purchase process. Excluding this effect, SSI's EBITDA would have grown by almost +18.8% in 3Q08, when compared to the previous quarter. It should also be noted that both Mainroad, and particularly, Bizdirect, continued to show a positive y.o.y. evolution at the EBITDA level.

In relation to EBITDA margin, WeDo achieved 8.9% in the quarter, compared to 15.3% in 3Q07, driven by the integration of the acquired businesses, while Mainroad, on an YTD basis, achieved a 13.4% margin, a leading margin for this type of business and representing a growth of 2.6pp, compared to the same period in 2007.

6. Público

Market dynamics continue to be severe for daily paid generalist press with advertising revenues for the sector as a whole, in the first eight months of 2008, decreasing by 1.7%[1] compared to the same period of the previous year (this number refers to advertising space calculated at reference table figures - competitive pressures continue to lead to higher price discounts). During the same period, the free newspapers' advertising revenues is estimated to have increased by approximately 10.1%. Although total circulation numbers for the daily paid generalist press have increased by 8.3%[2], this was partly explained by circulation campaigns carried out by several players during the first months of 2008.

Among several commercial initiatives implemented in the quarter, it is worth highlighting the introduction of new contents in the weekly Economy supplement and the launch, on 21 September 2008, of a completely new, redesigned Sunday magazine ("Pública"), which now carries a revised content, more focused on the "people behind the news". Público continues to be a clear leader in on-line access among Portuguese newspapers.

6.1. Operational data

PÚBLICO OPERATIONAL KPI's	3Q07	3Q08	y.o.y	2Q08	q.o.q	9M07	9M08	y.o.y
Average Paid Circulation (1)	42.142	41.428	-1,7%	42.055	-1,5%	42.485	42.256	-0,5%
Market Share of Advertising (%) (2)	13,0%	10,8%	-2,1pp	13,2%	-2,3pp	13,7%	12,2%	-1,5pp
Audience (3) (%)	n.a.	n.a.	-	4,5%	-	n.a.	n.a.	-
Employees	252	263	4,4%	261	0,8%	252	263	4,4%

(1) Estimated value updated in the following quarter; (2) 3Q08 - until August08; (3) As % of adressable population; Source: Bareme Imprensa 2ª Vaga 2008 (data not gathered in the third quarter)

Until June 2008 (the latest available information), Público's average market share of paid circulation, among daily generalist press, reached 11.6%, approximately 1pp below the comparable period in 2007. In 3Q08, average paid circulation reached 41.4 thousand, a decrease of 1.7% when compared to 3Q07 and 1.5% against the previous quarter. As mentioned above, the paid press market continues to face competitive challenges, with increased competition from 'free' newspapers (which have more than doubled the circulation, partly driven by the launch of three new free titles into the market).

Importantly, recent audience indicators indicated an increase in the total number of readers, with Público ranking third among daily paid generalist press and reaching circa 4.5% of the total population in the 2Q08 (against 4.1% in the previous quarter). Traditionally, this study is not carried-out in the third quarter.

Público's advertising market share continues to be under pressure, reaching an average of 10.8% during 3Q08 (until August, the latest available information), down 2.1pp as compared to 3Q07. The good recent performance shown in terms of audience (to be confirmed when the 4Q analysis is released) may contribute to mitigating the severe market dynamics daily paid newspapers are facing in terms of advertising revenues. In any case, the deteriorating macro-economic environment may lead to further cuts in business spend, in general, with negative impacts over advertising budgets.

[1] Source: Marktest/Media Monitor
[2] Source: APCT: Jun08 vs Jun07 (latest available data)

6.2. Financial data

Million euros

PÚBLICO CONS. INCOME STATEMENT	3Q07	3Q08	y.o.y	2Q08	q.o.q	9M07	9M08	y.o.y
Turnover	**6.96**	**7.14**	**2.6%**	**9.42**	**-24.3%**	**23.61**	**24.37**	**3.2%**
Advertising Sales (1)	2.98	2.75	-7.8%	4.15	-33.7%	10.11	10.06	-0.6%
Newspaper Sales	2.95	3.01	2.0%	3.04	-1.0%	9.05	9.10	0.6%
Associated Product Sales	1.02	1.37	34.7%	2.23	-38.4%	4.44	5.21	17.2%
Other Revenues	**0.05**	**0.16**	**188.7%**	**0.04**	**-**	**0.17**	**0.26**	**56.0%**
Operating Costs	**8.32**	**8.49**	**2.1%**	**9.78**	**-13.2%**	**26.88**	**27.27**	**1.4%**
COGS	1.45	1.91	32.3%	2.71	-29.5%	6.14	6.76	10.2%
Personnel Costs	2.85	2.81	-1.4%	2.98	-5.9%	8.59	8.69	1.2%
Marketing & Sales	0.82	0.73	-11.1%	1.00	-27.1%	2.31	2.60	12.5%
Outsourcing Services (2)	2.53	2.28	-9.8%	2.45	-6.9%	7.72	7.09	-8.1%
General & Administrative Expenses	0.67	0.75	12.0%	0.63	18.6%	2.11	2.10	-0.4%
Other Operating Costs	0.01	0.01	-	0.00	85.1%	0.01	0.02	-
Provisions and Impairment Losses	**0.24**	**0.05**	**-79.9%**	**0.04**	**16.7%**	**0.36**	**0.13**	**-64.5%**
EBITDA	**-1.55**	**-1.24**	**19.7%**	**-0.36**	**-**	**-3.47**	**-2.77**	**20.1%**
EBITDA Margin (%)	-22.3%	-17.4%	4,8pp	-3.9%	-13,6pp	-14.7%	-11.4%	3,3pp
Depreciation & Amortization	0.17	0.21	23.1%	0.18	15.6%	0.51	0.58	12.4%
EBIT	**-1.72**	**-1.46**	**15.4%**	**-0.55**	**-166.4%**	**-3.98**	**-3.35**	**15.9%**
Operating CAPEX (3)	0.07	0.11	55.3%	0.60	-81.3%	0.50	0.81	63.8%
Operating CAPEX as % of Turnover	1.0%	1.6%	0,5pp	6.3%	-4,8pp	2.1%	3.3%	1,2pp
EBITDA - Operating CAPEX	-1.62	-1.36	16.4%	-0.96	-41.2%	-3.96	-3.58	9.6%
Total CAPEX	0.07	0.11	55.3%	0.60	-81.3%	0.50	0.81	63.8%

(1) Includes Contents; (2) Outsourcing Services = Customer Services plus Consultants plus Subcontracts; (3) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

Turnover

During 3Q08, Público's turnover increased by 2.6% to 7.14 million euros, as a reflection of different trends in its revenue lines: a material growth (+34.7%) in associated product revenues and in newspaper sales (+2.0%), when compared to 3Q07; and a negative evolution in advertising revenues (-7.8%). In terms of quarterly evolution, all revenues lines evolved negatively when compared to 2Q08, a normal outcome for the generalist daily press during the summer season.

Most importantly, on a cumulative basis until September, Público's 2008 turnover is 3.2% above last year, with a positive evolution in all its key revenue lines, with the exception of a marginal decrease (0.6%) in advertising revenues.

In relation to Sexta (the free weekly newspaper launched in 4Q07 and consolidated in Público since November 2007 -proportional consolidation), circulation and advertising indicators in the coming months will enable a better assessment of its impact in the market.

EBITDA

In 3Q08, Público generated a negative EBITDA of 1.24 million euros, which represents a 19.7% improvement over 3Q07. This positive trend resulted not only from the increase in newspaper and associated product revenues but also from reductions achieved in most of its cost lines.

7. Main Regulatory Developments

The following are some of the more relevant regulatory developments during 3Q08:

Mobile Termination Rates (MTRs)
On 22 August 2008, Anacom presented a resolution defending that courts should not accept the injunction filed by TMN and Vodafone, aimed at suspending the introduction of terms of the new Anacom deliberation on MTRs. Accordingly, it is the understanding of Anacom that new MTRs, deliberated in July 2008 and that foresee the introduction of a 20% asymmetry in favour of Sonaecom, would only be applicable from 23 August 2008.

Next Generation Networks
The Portuguese Government released a resolution of the Council of Ministries held on 30 July 2008, defining certain guidelines for the development of Next Generation Networks ("NGNs") in Portugal and defining as a strategic priority for the country the investments in these networks. Within this scope, the Government defined concrete objectives to be achieved in 2010, among which the goal to connect, by 2010, 1 million people to these new networks. It has also asked the regulator to analyse the geographic segmentation of the market and to develop a regulatory framework which, while incentivising the investments in the Portuguese economy, guarantees the sustainability of the market competition. Finally, the government has also announced that it will include, within the scope of the 2009 Public Budget, measures aimed at promoting the investment in NGNs in remote or less populated areas.

New Mobile License (450-470 MHz)
Only one contender has presented, on the last day of the auction (3 October), a bid under the public contest for the granting of the new license for the provision of mobile services in the 450-470 MHz frequency range. The contender is a company called RNT (Rede Nacional de Telecomunicações), 85% held by a British company (Telephony Holding) and 15% by Radiomóvel, a Portuguese *trunking* operator (the terms of the contest limited its participation in the contender to 20%). The jury had 20 days to analyse this proposal.

Proposals to amend the EC Roaming Directive
The European Commission announced during the quarter new proposals to amend the roaming regulation, which included: (i) the extension to Short Messaging Services (with a definition of maximum retail and wholesale services at €0.11 and €0.04 respectively); (ii) increased transparency and regulation over wholesale data services (€1/MB); (iii) the extension until 2012 of the regulation over roaming tariffs (voice services); and (iv) the introduction, from 1 July 2009, of per second billing on roaming calls. These proposals will have to be discussed at the European Parliament and at the EU Council of Ministries and can still be rejected or approved with amendments, as it was the case in the regulation over roaming calls that came into effect on June 2007.

8. Main Corporate Developments

Acquisition of own shares

From 23 June to 7 August 2008, Sonaecom purchased, through the Euronext Lisbon Stock Exchange, a total of 2,900,090 own shares representing approximately 0.79% of its share capital. As at the end of 3Q08, Sonaecom was the holder of 3,868,643 own shares, representing approximately 1.06% of its share capital. In addition, from 8 October to 27 October, Sonaecom purchased, through the Euronext Lisbon Stock Exchange, a total of 1,322,000 own shares representing approximately 0.36% of its share capital. The weighted average price of all the purchases referred above stood at 1.87 euros per share.
As at 27 October 2008, Sonaecom was the holder of 5,190,643 own shares, representing approximately 1.42% of its share capital.

Transfer of Qualifying Shareholding

On 1 August 2008, Wirefree Services Belgium, S.A., a fully owned subsidiary of France Télécom, S.A. (FT), communicated that it had sold 70,276,868 Sonaecom shares (approximately 19.188% of the share capital of Sonaecom), and corresponding voting rights, to Atlas Services Belgium, S.A.. Considering that this company is also 100% controlled by FT, as a result of such transfer these shares and voting rights will continue to be attributable to FT, pursuant to article 20/1 (b) of the Portuguese Securities Code.

9. Subsequent Events

Renewal of Strategic Partnership Agreement with FT

On 24 October 2008, Sonaecom reached an agreement with France Télécom, S.A. regarding the extension, for an additional period of three years, of the Strategic Partnership Agreement that binds both groups since 2005.

Such extension has, as its main objective, the enhancement of cooperation between Sonaecom and France Télécom and is the result of the renegotiation of the operational terms of the SPA (that were disclosed by Sonaecom at the time of announcement of the original Agreement in 2005) that was carried out by the parties after the end of the initial term of the Agreement.

SAFE HARBOUR

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These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in regulation, the telecommunications industry and economic conditions; and the effects of competition. Forward-looking statements may be identified by words such as "believes", "expects", "anticipates", "projects", "intends", "should", "seeks", "estimates", "future" or similar expressions.

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Sonaecom SGPS is listed on the Euronext Stock Exchange. Information may be accessed on Reuters under the symbol "SNC.LS" and on Bloomberg under the symbol "SNC:PL".

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