

**Results
Announcement
First Half '09**



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Note:

The Consolidated Financial Information contained in this report is subject to limited review procedures and is based on Financial Statements that have 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. Headlines

Consolidated Turnover up 1.3% to €482m in 1H09

Mobile Customer Revenues up 2.8% y.o.y in 2Q09, a positive outcome in the current economic and competitive context

Internet & Data surpassing 27.5% of Mobile Service Revenues in 1H09, up by 6.7pp against the previous year

EBITDA of €91.5m, 33.2% above 1H08, despite the highly competitive environment and reductions in roaming tariffs

Net Results (Group share) positive by €1.4m in the 1H09, reflecting a €13.6m y.o.y improvement

Consolidated FCF positive by €28.2m in 2Q09

Net Debt at €321m, with the **Net Debt to EBITDA** decreasing to circa 1.8x

SSI generating revenues of €82m in the semester (+51%) and increasing EBITDA by 74% against last year, on a comparable basis



2. Message from Ângelo Paupério, CEO of Sonaecom

I am pleased to report that in 1H09 we have again delivered a strong set of operating and financial results. They are broadly in line with our expectations despite the difficult economic and competitive climate. We have seen sustained growth in mobile customers and mobile customer revenues. The international footprint of our SSI division has grown. Our consolidated top line has increased and our EBITDA performance has improved significantly, mainly as a result of the efficiency and cost control initiatives we launched during the second half of 2008.

Due to the current macroeconomic conditions, consumers are taking greater care and showing greater concern over researching offers throughout the market. We believe this trend actually favours Sonaecom, as consumers naturally associate our products and our brands with additional value for money.

Our **mobile business** continues to deliver strong growth in its subscriber base, which has expanded year-on-year by about 10% to reach almost 3.3 million subscribers by the end of 1H09. This increase is the result of the strong commercial initiatives and investments we made during 2008. Our mobile customer revenues also continued to grow. We have achieved savings in direct servicing costs, marketing and sales costs, and general and administrative expenses. These savings have generated a substantial year-on-year increase (+43%) in the EBITDA performance of our mobile business.

Our **wireline residential ULL business** continued to experience strong competitive pressures. Aggressive promotions of bundled offers and pay-TV services dominated the market throughout 1H09. In this environment, we are focusing on protecting the value of our customer base. One of the key factors in our value proposition will be to deliver greater value and service quality to existing customers. Our wireline business generated an EBITDA of 1.7 million euros and a margin of 1.3%. The reduction against 1H08 was driven by a lower residential customer base and the losses of indirect customers, in line with our expectations.

Our corporate and SME business, which now delivers, under the Optimus brand, a fully convergent fixed and mobile business services offer, has continued to register growth in both fixed and mobile. This constitutes clear evidence that the positioning we have adopted was well received by the target customers and that convergence is already today a reality in this segment.

We continued to deploy our **FTTH network** throughout the first half of 2009 and we have now passed more than 150 thousand homes. The costs of the deployment and the level of penetration achieved are in line with our initial expectations for this stage of the project. This investment has strengthened our experience in home-networking. We have acquired new customers and upgraded current ULL customers. We have also developed our TV capabilities further and increased transmission capacity to our mobile network. In parallel, we have been analysing partnerships with other operators, local entities, municipalities and other interested parties as an alternative way of further expanding our fibre network.

SSI continued to deliver positive growth and higher profits. In 1H09, its turnover grew by more than 50% against last year. This rise was driven by higher service revenues and equipment sales. SSI subsidiaries have been expanding in their respective markets while increasing their international footprint. Higher contributions — particularly from WeDo and Bizdirect — led to a much improved EBITDA result, which rose 74% against last year on a like-for-like basis.

Our **online and media business** experienced another challenging period. General advertising market conditions have deteriorated further, a visible trend across the media sector and which resulted in an 11.9% drop in turnover. On a positive note, the most recent audience metrics reveal that Público has successfully sustained its total readership. The online and media business has also implemented additional measures aimed at optimizing its cost structure. This is reflected in a 10.8% reduction in its total operating expenditure. Importantly, as part of the on-going restructuring process and as a positive sign of the joint efforts to improve its competitive position, Público very recently reached an agreement with its employees which will enable the business to be more efficient. Against the negative background, we continue to seek opportunities to leverage Público's highly regarded brand and to explore opportunities to strengthen its online content.



Our businesses successfully delivered some notable commercial initiatives during 2Q09. I would like to highlight some of these achievements, some of which reflect further public recognition of our ability to innovate:

- At the end of the quarter, **Optimus** was the first operator in Portugal to introduce an effective commercial offer of a wireless broadband product based on HSPA+ technology;
- **Optimus Kanguru** was recognised as having the best range of computers available under the e-schools programme. This emerged from a new survey carried by a national specialised magazine;
- **Optimus** received the Messaging Services Innovation Award in a contest promoted by the leading sector publication, Global Telecoms Business. The award recognised the brand's innovative webphone and mobile instant messaging service, which we launched when introducing Optimus "Tag" in the market;
- The development for Modelo Continente, Portugal's leading retailer, of "Continente mobile" an attractive offer supported by Sonaecom's network and aimed at the retailer's large loyalty card customer base;
- For the first time in Portugal, **Clix** offered its TV customers unrestricted access to rent film packages for a single monthly subscription fee;
- **Público** received an important international award from the Design and Art Direction organization for its world-class design. This was the first time a Portuguese newspaper has been awarded such a prize;
- At SSI, **Mainroad**, a leading provider of business continuity services, was ranked second in the Best Risk Mitigation Provider category at the Data Centres Europe Awards 2009;
- The National Agency for Public Procurement selected **Saphety** as one of four service providers of electronic platforms for public procurement.

These successes are a clear demonstration that Sonaecom continues to operate at the forefront of product and service innovation. We remain a major force behind market developments, constantly seeking alternative and innovative ways to compete in our markets.

In relation to **regulatory matters**, it is worth highlighting the competitive benefits in the mobile market arising from the introduction of asymmetric rates in 2008. The launch of innovative products and services — including various offers aimed at attacking the "network effect" — has given consumers greater choice and increased value. The economic rationale which underpinned the introduction of asymmetric rates last year was very clear and continues to be equally valid today. We hope that Anacom considers these recent market dynamics when re-analysing mobile termination rates. A potential return to symmetric rates would require tariff levels well below the EU recommendations, in order to correct the specific imperfections of the Portuguese market, and, even such scenario, would not be as effective in protecting consumer interests.

We recognize the importance of telecommunications during a virus pandemic scenario. Sonaecom has set up a dedicated team to track flu developments, providing extensive information to staff and external partners. We have also invested in a stronger and more resilient network, internal processes and customer service to ensure that our key services are available even in cases where people interaction is constrained.

In conclusion, we announced our expectations for 2009 at the start of the year amid a high level of uncertainty. This was shared among most companies operating in the prevailing volatile macroeconomic and financial conditions. We do not anticipate that the economic climate will improve during the latter part of 2009. Nor do we estimate that the competitive nature of our markets will ease. But we currently believe that we should be able to achieve our FY09 targets, although, in relation to FCF, the amounts to be received from the fund created for the promotion of the information society in Portugal, in relation to our participation in the "e-Initiatives" programme, may continue to negatively affect our cash flow performance. Given the context, I am pleased with our collective achievements during the first six months of the year, both operationally and financially and believe that, with these results, we can look forward with confidence to the rest of the year.

3. Quarter Highlights

KEY OPERATING INDICATORS

| OPERATING KPI's | 2Q08 | 2Q09 | Δ 09/08 | 1Q09 | q.o.q | 1H08 | 1H09 | Δ 09/08 |
|---|---------|---------|---------|---------|--------|---------|---------|---------|
| Mobile Business | | | | | | | | |
| Customers (EOP) ('000) | 2,982.1 | 3,268.7 | 9.6% | 3,219.8 | 1.5% | 2,982.1 | 3,268.7 | 9.6% |
| Data as % Service Revenues | 21.3% | 27.8% | 6.5pp | 27.4% | 0.4pp | 20.9% | 27.6% | 6.7pp |
| ARPU ⁽¹⁾ (euros) | 16.8 | 14.9 | -11.3% | 14.9 | 0.1% | 16.9 | 14.9 | -11.7% |
| MOU ⁽²⁾ (min.) | 129.1 | 131.3 | 1.7% | 127.6 | 2.9% | 123.5 | 129.5 | 4.8% |
| Wireline Business | | | | | | | | |
| Total Accesses (EOP) | 701,098 | 528,467 | -24.6% | 554,486 | -4.7% | 701,098 | 528,467 | -24.6% |
| Direct ⁽³⁾ | 482,540 | 432,886 | -10.3% | 442,085 | -2.1% | 482,540 | 432,886 | -10.3% |
| Indirect | 218,558 | 95,581 | -56.3% | 112,401 | -15.0% | 218,558 | 95,581 | -56.3% |
| Average Revenue per Access - Retail ⁽⁴⁾ | 21.1 | 22.3 | 5.7% | 22.9 | -2.6% | 21.5 | 22.6 | 5.3% |
| Sonaecom | | | | | | | | |
| Total Employees | 1,921 | 2,002 | 4.2% | 2,000 | 0.1% | 1,921 | 2,002 | 4.2% |
| Telecommunications | 419 | 436 | 4.1% | 432 | 0.9% | 419 | 436 | 4.1% |
| SSI | 453 | 507 | 11.9% | 502 | 1.0% | 453 | 507 | 11.9% |
| Media | 270 | 259 | -4.1% | 264 | -1.9% | 270 | 259 | -4.1% |
| Shared Services ⁽⁵⁾ and Corporate Centre | 779 | 800 | 2.7% | 802 | -0.2% | 779 | 800 | 2.7% |

(1) Average Monthly Revenue per User; (2) Minutes of Use per Customer per month; Value for 1Q09 was updated to a definitive figure; (3) Number of Direct Accesses for periods from 3Q07 until 3Q08 were restated in 3Q08; (4) Excluding Mass Calling services' revenues; (5) Shared Services includes, among other functions, Customer Service, Technical, IT/IS, Accounting, Legal and Regulation. Corporate Centre staff has been reduced in relation to 1H08.

KEY FINANCIAL INDICATORS

Million euros

| CONSOLIDATED FINANCIAL KPI's | 2Q08 | 2Q09 | Δ 09/08 | 1Q09 | q.o.q | 1H08 | 1H09 | Δ 09/08 |
|--|-------|-------|---------|-------|--------|-------|-------|---------|
| Turnover | 237.9 | 240.7 | 1.2% | 240.9 | -0.1% | 475.6 | 481.6 | 1.3% |
| Service Revenues | 215.1 | 199.9 | -7.1% | 201.9 | -1.0% | 432.1 | 401.8 | -7.0% |
| Customer Revenues | 169.0 | 161.7 | -4.3% | 161.7 | 0.0% | 340.9 | 323.4 | -5.1% |
| Operator Revenues | 46.1 | 38.2 | -17.0% | 40.2 | -4.8% | 91.2 | 78.4 | -14.1% |
| EBITDA | 34.6 | 46.1 | 33.2% | 45.4 | 1.6% | 68.7 | 91.5 | 33.2% |
| EBITDA Margin (%) | 14.6% | 19.2% | 4.6pp | 18.8% | 0.3pp | 14.4% | 19.0% | 4.6pp |
| Net Results - Group Share ⁽¹⁾ | -6.7 | 1.2 | - | 0.2 | - | -12.2 | 1.4 | - |
| Operating CAPEX ⁽²⁾ | 35.0 | 30.9 | -11.7% | 21.4 | 44.6% | 67.7 | 52.3 | -22.8% |
| Operating CAPEX as % of Turnover | 14.7% | 12.8% | -1.9pp | 8.9% | 4pp | 14.2% | 10.9% | -3.4pp |
| EBITDA - Operating CAPEX | -0.4 | 15.2 | - | 24.0 | -36.7% | 1.0 | 39.2 | - |
| FCF ⁽³⁾ | -25.1 | 28.2 | - | -45.9 | - | -57.8 | -17.6 | 69.5% |
| Net Debt | 367.4 | 321.3 | -12.5% | 350.9 | -8.4% | 367.4 | 321.3 | -12.5% |
| Net Debt/ EBITDA (last 12 months) | 2.3 x | 1.8 x | -0.6x | 2.0 x | -0.3pp | 2.3 x | 1.8 x | -0.6x |

(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 9.6% to 3.269 million at the end of 1H09, with net additions in the period reaching 77.1 thousand. Data revenues represented 27.6% of service revenues in the semester, up 6.7pp against 1H08; (ii) Total wireline direct accesses reached 433 thousand, 9 thousand less than at the end of 1Q09, as a result of the continuing competitive pressures, that have led us to focus less on ULL customer acquisition in the last 3 quarters, and the growing use of mobile broadband.
- **Personnel:** total headcount has increased by 4.2% when compared to the previous year, reaching a total of more than 2 thousand employees at the end of 1H09, mostly due to the headcount growth (i) at SSI, driven by increased activity and by the international expansion of WeDo Technologies; and (ii) at the telecommunications and shared services division, mostly due to the decision to reduce the use of certain outsourcing services. Corporate centre staff has been reduced in relation to 1H08 and represented less than 1.3% of total headcount at the end of 1H09.
- **Consolidated Service Revenues** decreased by 7.0% against 1H08, as a result of both a 5.1% decrease in customer revenues, fully driven by the negative evolution at the wireline residential business, and a 14.1% reduction in operator revenues, resulting from the negative impacts of reductions in regulated tariffs (roaming revenues and, mainly, the introduction of the new mobile termination rates).
- **Consolidated EBITDA** was 91.5 million euros, 33.2% higher than in 1H08, as a result of the improved contributions from the Mobile and SSI Businesses. EBITDA margin has improved by 4.6pp, from 14.4% in 1H08 to 19.0% in 1H09, mainly due to: (i) lower commercial costs, mainly marketing and sales, at our Telco businesses; (ii) the benefits of the MTR programme, introduced in August 2008 and; (iii) a 6.9% reduction in other operating costs, as a result of the cost saving initiatives launched in 2H08.

4. Consolidated Results

4.1. Consolidated Income Statement

| Million euros | | | | | | | | |
|---------------------------------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|---------------|
| CONSOLIDATED INCOME STATEMENT | 2Q08 | 2Q09 | Δ 09/08 | 1Q09 | q.o.q | 1H08 | 1H09 | Δ 09/08 |
| Turnover | 237.9 | 240.7 | 1.2% | 240.9 | -0.1% | 475.6 | 481.6 | 1.3% |
| Mobile | 151.5 | 152.0 | 0.3% | 146.8 | 3.5% | 303.1 | 298.8 | -1.4% |
| Wireline | 72.4 | 60.0 | -17.1% | 64.3 | -6.6% | 147.6 | 124.3 | -15.8% |
| Online & Media | 9.4 | 7.8 | -17.6% | 7.4 | 4.7% | 17.2 | 15.2 | -11.9% |
| SSI | 27.4 | 42.2 | 53.9% | 39.9 | 5.7% | 54.5 | 82.1 | 50.8% |
| Other & Eliminations | -22.9 | -21.3 | 6.7% | -17.5 | -21.7% | -46.8 | -38.8 | 17.0% |
| Other Revenues | 2.8 | 1.4 | -49.7% | 0.9 | 54.6% | 4.3 | 2.3 | -46.4% |
| Operating Costs | 202.3 | 188.9 | -6.6% | 189.9 | -0.5% | 403.4 | 378.9 | -6.1% |
| Personnel Costs | 22.7 | 24.4 | 7.5% | 24.8 | -1.3% | 48.8 | 49.2 | 0.8% |
| Direct Servicing Costs ⁽¹⁾ | 84.3 | 63.6 | -24.5% | 69.8 | -8.8% | 168.1 | 133.5 | -20.6% |
| Commercial Costs ⁽²⁾ | 56.1 | 64.6 | 15.0% | 59.0 | 9.5% | 108.4 | 123.5 | 14.0% |
| Other Operating Costs ⁽³⁾ | 39.1 | 36.3 | -7.2% | 36.4 | -0.4% | 78.1 | 72.7 | -6.9% |
| EBITDAP | 38.4 | 53.2 | 38.5% | 51.9 | 2.5% | 76.6 | 105.0 | 37.2% |
| Provisions and Impairment Losses | 3.8 | 7.1 | 87.5% | 6.5 | 9.2% | 7.9 | 13.5 | 72.2% |
| EBITDA | 34.6 | 46.1 | 33.2% | 45.4 | 1.6% | 68.7 | 91.5 | 33.2% |
| EBITDA Margin (%) | 14.6% | 19.2% | 4.6pp | 18.8% | 0.3pp | 14.4% | 19.0% | 4.6pp |
| Mobile | 29.0 | 45.1 | 55.6% | 43.8 | 3.1% | 62.1 | 88.9 | 43.1% |
| Wireline | 1.5 | 1.0 | -30.6% | 0.6 | 62.3% | 4.0 | 1.7 | -58.3% |
| Online & Media | -0.4 | -0.8 | -111.6% | -0.9 | 14.9% | -1.5 | -1.7 | -9.5% |
| SSI | 2.8 | 1.9 | -31.4% | 2.0 | -3.6% | 3.6 | 3.9 | 6.3% |
| Other & Eliminations | 1.7 | -1.2 | - | -0.1 | - | 0.4 | -1.3 | - |
| Depreciation & Amortization | 40.5 | 39.7 | -2.2% | 39.4 | 0.6% | 77.8 | 79.1 | 1.6% |
| EBIT | -5.9 | 6.5 | - | 6.0 | 7.9% | -9.1 | 12.4 | - |
| Net Financial Results | -3.7 | -3.4 | 9.2% | -3.9 | 13.6% | -7.9 | -7.3 | 7.2% |
| Financial Income | 0.8 | 1.4 | 65.3% | 1.7 | -21.0% | 1.6 | 3.1 | 92.5% |
| Financial Expenses | 4.6 | 4.8 | 4.3% | 5.7 | -15.9% | 9.5 | 10.4 | 9.7% |
| EBT | -9.7 | 3.1 | - | 2.1 | 48.9% | -17.0 | 5.1 | - |
| Tax results | 3.1 | -1.8 | - | -1.7 | -7.8% | 5.0 | -3.5 | - |
| Net Results | -6.6 | 1.2 | - | 0.4 | - | -12.1 | 1.6 | - |
| Group Share | -6.7 | 1.2 | - | 0.2 | - | -12.2 | 1.4 | - |
| Attributable to Minority Interests | 0.1 | 0.1 | -47.3% | 0.1 | -50.0% | 0.2 | 0.2 | 5.8% |

(1) Direct Servicing Costs = Interconnection and Content + Leased Lines + Other Network Operating Costs; (2) Commercial Costs = COGS + Mktg & Sales Costs; (3) Other Operating Costs = Outsourcing Services + G&A + others.

Turnover

Consolidated turnover totalled 481.6 million euros in 1H09, 1.3% above 1H08, as a result of the combination of lower service revenues (-7.0%), driven mainly by the 14.1% reduction in operator revenues and by lower wireline customer revenues, which were completely off-set by significantly higher product and equipment sales (+83.7% y.o.y).

Consolidated service revenues decreased by 7.0% to 401.8 million euros, mainly as a result of lower contributions from our Telco business. The breakdown of this consolidated performance was as follows:

- 16.4% lower service revenues at our Wireline Business, mainly driven by reductions in indirect access customer revenues but also by a lower contribution from the direct residential business;
- 3.0% decrease in service revenues at our Mobile Business, fully driven by the impact, in operator revenues, of lower roaming revenues and of the new MTR programme. Mobile customer revenues actually increased 1.8% y.o.y, in 1H09, despite the increased competitiveness in certain segments of the market, that led to a decrease in the average revenue per minute, and the effects of the economic recession;
- 7.3% higher service revenues at SSI, driven by the positive performance of WeDo, that registered a 5.6% y.o.y top line growth, and Bizdirect;
- 6.5% reduction in service revenues at the Online & Media division, as a result of lower advertising revenues at Público, determined by the prevailing negative conditions in the general advertising market.



Consolidated customer revenues fell 5.1% when compared to 1H08, driven mainly by 23.2% lower customer revenues at our Wireline business, not fully compensated by the positive performance of Mobile customer revenues (+1.8% y.o.y) and the 7.3% higher service revenues at SSI. Importantly, it should be noted that, in terms of quarterly performance, Mobile customer revenues continued to register a positive evolution, having grown, in 2Q09, y.o.y by 2.8% and by 2.1% against the 1Q09.

Operating costs

Total operating costs reached 378.9 million, 6.1% below the comparable period in 2008, representing 78.7% of 1H09 turnover. In 2Q09, total operating costs were 0.5% lower than in 1Q09, which, in turn, were also 6.6% lower than in the last quarter of 2008. This is a clear sign that the cost control initiatives put in place in the second half of 2008 are delivering results.

The main drivers of the evolution of operating costs in 1H09 were the following:

- a) **personnel costs** remained approximately stable against 1H08 (+0.8%), reaching 49.2 million euros in 1H09, despite the 4.2% increase in total headcount;
- b) **direct servicing costs** decreased by 20.6%, when compared to 1H08, driven mainly by a 24.1% decrease in interconnection and content costs, due to the new MTR programme and to lower ULL related costs;
- c) **commercial costs** increased y.o.y by 14.0%, to 123.5 million euros in 1H09, as a result of the higher level of COGS at SSI, driven by the continuing success of Bizdirect product sales, not fully compensated by lower marketing and sales costs (including handset subsidies) at our Telco Business. The substantial one-off investments made during the 1H08 in the Optimus rebranding and related advertising campaigns were one of the factors behind the 24.3% y.o.y lower commercial costs at our Mobile business;
- d) **other operating costs** decreased 6.9% against 1H08, mainly as a consequence of reductions in both general & administrative costs (down 5.4% y.o.y) and in outsourcing costs (5.1% lower than in 1H08).

Cost reductions are also visible in terms of quarterly evolution, namely at the level of personnel costs (down by 1.3% against 1Q09) and direct servicing costs (-8.8%).

Provisions and impairment losses increased y.o.y. in 1H09 by approximately 5.6 million euros as a result of higher provisions for bad debt (driven by our decision, since 3Q08, to reinforce such provisions due to the combination of higher sustained level of billing and the deteriorating economic environment), higher provisions for stock depreciation at our Wireline Business and despite lower provisions for other risks and charges.

EBITDA

As a result of the performance detailed above, in terms of revenues and costs, consolidated EBITDA improved by 33.2% to 91.5 million euros in 1H09 generating a margin of 19.0%, compared to a margin of 14.4% in 1H08. The breakdown of EBITDA performance by business was as follows:

- a) EBITDA at our Mobile Business was of 88.9 million euros, up by 43.1% when compared to 1H08, mainly explained by lower commercial and interconnection costs, which were partly off-set by lower roaming revenues. The Mobile Business achieved an EBITDA margin of 29.7%, significantly above 1H08. It should also be noted that EBITDA margin remained approximately stable between the first and the second quarter of 2009;
- b) The Wireline Business generated an EBITDA of 1.7 million euros (2.3 million euros below 1H08), as a result of the loss of indirect access revenues, extensive competition in the residential market and the continuation of the operational trends experienced since 2008. Unlike the residential wireline segment, EBITDA performance at both the Wholesale and at the Corporate & SME segments continues to evolve positively;



- c) EBITDA at SSI increased by 6.3% when compared to 1H08, to 3.9 million euros in 1H09, mainly as a result of a substantially improved EBITDA performance at Bizdirect, which has increased its EBITDA by 0.6 million euros y.o.y, and at Saphety. On a comparable basis, i.e. excluding the 1.4 million euros one-off gain registered in 1H08 related to the acquisition of Tecnológica, EBITDA would have grown by 74% y.o.y., mainly driven by WeDo;
- d) Online & Media's EBITDA in 1H09 was negative 1.7 million euros, down by 9.5% against 1H08 but registering a 14.9% improvement between the first and the second quarter of 2009, with the 0.6 million euros increase in advertising revenues more than off-setting the negative performance in newspaper sales and the slight increase in total operating costs.

Net Profit

Net results group share were positive by 1.4 million euros in 1H09, compared to the negative 12.2 million euros result in 1H08, mainly due to the much improved EBITDA performance and to the 7.2% reduction in net financial results.

Depreciation and amortization charges increased by 1.6%, to 79.1 million euros in 1H09, driven by the increased asset base resulting from investments made during 2008 in expanding our mobile and fibre access networks. It should be noted that, during 3Q08 we began to amortise the 91.3 million euros intangible asset, recognised as CAPEX in 2008, in relation to the obligations assumed under the "e-Initiatives" programme. In terms of quarterly evolution, depreciation and amortization charges remained stable between the first and the second quarter of 2009.

When compared to 1H08, net financial charges decreased by 7.2%, to 7.3 million euros in 1H09, reflecting:

- a) higher financial expenses, up by 0.9 million euros, due to the financial costs related to the receivables securitisation and the higher average gross debt in 1H09 which have more than off-set the decrease in the average cost of debt (from 5.1% in 1H08 to 3.1% in 1H09), as a reflection of movements in market rates. Nevertheless, excluding the impacts of the securitisation, the lower average cost of debt more than compensated the effect of higher average gross debt in the period; and
- b) a 1.5 million increase in financial income, driven by the higher level of average liquidity in 1H09 mainly as a result of the increased liquidity generated by the completion of the receivables securitisation transaction at the end of 2008.

The tax line in 1H09 showed a cost of 3.5 million euros, compared to a benefit of 5.0 million euros in 1H08, driven by the much improved EBT performance (from a negative 17.0 million to a positive 5.1 million euros).

4.2. Consolidated Balance Sheet

| Million euros | 1H08 | 1H09 | Δ 09/08 | 1Q09 | q.o.q |
|--|----------------|----------------|--------------|----------------|--------------|
| CONSOLIDATED BALANCE SHEET | | | | | |
| Total Net Assets | 1,795.5 | 1,957.2 | 9.0% | 1,958.1 | 0.0% |
| Non Current Assets | 1,443.4 | 1,481.6 | 2.6% | 1,492.1 | -0.7% |
| Tangible and Intangible Assets | 808.6 | 832.0 | 2.9% | 840.9 | -1.1% |
| Goodwill | 525.8 | 525.9 | 0.0% | 526.0 | 0.0% |
| Investments | 2.0 | 1.2 | -38.5% | 1.2 | 0.0% |
| Deferred Tax Assets | 107.0 | 122.5 | 14.5% | 124.0 | -1.2% |
| Current Assets | 352.1 | 475.6 | 35.1% | 466.0 | 2.1% |
| Trade Debtors | 185.7 | 162.2 | -12.7% | 164.3 | -1.3% |
| Liquidity | 6.9 | 121.4 | - | 101.0 | 20.2% |
| Others | 159.5 | 192.1 | 20.5% | 200.7 | -4.3% |
| Shareholders' Funds | 921.6 | 930.8 | 1.0% | 933.2 | -0.3% |
| Group Share | 920.6 | 930.5 | 1.1% | 932.9 | -0.3% |
| Minority Interests | 1.0 | 0.3 | -65.9% | 0.3 | 17.4% |
| Total Liabilities | 873.9 | 1,026.4 | 17.5% | 1,024.9 | 0.1% |
| Non Current Liabilities | 478.7 | 583.1 | 21.8% | 603.2 | -3.3% |
| Bank Loans | 355.1 | 411.6 | 15.9% | 416.7 | -1.2% |
| Provisions for Other Liabilities and Charges | 32.5 | 32.3 | -0.7% | 33.5 | -3.6% |
| Others | 91.1 | 139.3 | 52.9% | 153.1 | -9.0% |
| Current Liabilities | 395.2 | 443.4 | 12.2% | 421.7 | 5.1% |
| Bank Loans | 0.7 | 8.4 | - | 11.3 | -25.3% |
| Trade Creditors | 174.8 | 190.4 | 9.0% | 164.7 | 15.6% |
| Others | 219.7 | 244.5 | 11.3% | 245.7 | -0.5% |
| Operating CAPEX ⁽¹⁾ | 67.7 | 52.3 | -22.8% | 21.4 | 144.6% |
| Operating CAPEX as % of Turnover | 14.2% | 10.9% | -3.4pp | 8.9% | 2pp |
| Total CAPEX | 161.6 | 53.2 | -67.1% | 22.1 | 140.3% |
| EBITDA - Operating CAPEX | 1.0 | 39.2 | - | 24.0 | 63.3% |
| Operating Cash Flow ⁽²⁾ | -49.2 | 3.6 | - | -35.4 | - |
| FCF ⁽³⁾ | -57.8 | -17.6 | 69.5% | -45.9 | 61.6% |
| Gross Debt | 374.3 | 442.7 | 18.3% | 451.9 | -2.0% |
| Net Debt | 367.4 | 321.3 | -12.5% | 350.9 | -8.4% |
| Net Debt/ EBITDA last 12 months | 2.3 x | 1.8 x | -0.6x | 2.0 x | -0.3x |
| EBITDA/Interest Expenses ⁽⁴⁾ (last 12 months) | 8.0 x | 8.8 x | 0.8x | 8.3 x | 0.5x |
| Debt/Total Funds (Debt + Shareholders' Funds) | 28.9% | 32.2% | 3.3pp | 32.6% | -0.4pp |
| Excluding the Securitisation Transaction: | | | | | |
| Net Debt | 367.4 | 409.9 | 11.6% | 444.6 | -7.8% |
| Net Debt/ EBITDA last 12 months | 2.3 x | 2.2 x | -0.1x | 2.6 x | -0.4x |
| EBITDA/Interest Expenses ⁽⁴⁾ (last 12 months) | 8.0 x | 8.8 x | 0.8x | 8.3 x | 0.5x |

(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 totalled 442.7 million euros, 68.4 million euros above the level registered at the end of 1H08 and mainly comprised:

- 150 million euros long-term privately placed Bonds, due in June 2013;
- 230 million euros used under the underwritten committed Commercial Paper Programme contracted in 2007 and with final maturity in July 2012;
- 33 million euros used under the 70 million euros underwritten committed Commercial Paper Programme contracted in 2005 and committed for a rolling period of 364 days;
- 9.2 million euros of short term debt, out of a total of approximately 20 million of short term credit facilities; and
- 21.3 million euros of long term financial leases.

With the final maturity, in June 2009, of the last Interest Rate Swap negotiated during 2007, all of the outstanding debt is now based on floating rates, allowing the capture in the coming quarters of the full benefits of the lower rates prevailing in the market.

Consolidated net debt at the end of 1H09 stood at 321.3 million euros, a 12.5% reduction when compared to 1H08, mainly reflecting the FCF evolution between the two periods, including the proceeds from the securitisation transaction.



In terms of evolution of the key financial ratios, Net Debt to annualised EBITDA reached 1.8x in 1H09, which reflects a reduction both in relation to the same period in 2008 and to the previous quarter. This positive evolution was determined by both a decrease in net debt and an higher EBITDA level in the preceding 12 month period. The Interest Cover ratio improved from 8.0x in 1H08 to 8.8x at the end of 1H09, as a consequence of the improved EBITDA performance and notwithstanding higher financial expenses (+0.9 million euros y.o.y). The ratio of Consolidated Debt to Total Funds deteriorated slightly, having reached 32.2% in 1H09 (against 28.9% in 1H08), reflecting the above mentioned movements in gross debt and the 1.0% increase in Shareholder's Funds. The latter resulted mainly from the positive net income generated in the period, which has more than compensated the effect of the acquisition of own shares, which amounted to 9.5 million euros between the end of June 2008 and June 2009, pursuant to the authorisations granted by shareholders at Sonaecom's Shareholders General Meetings and aimed at covering the obligations arising from the employees' Medium Term Incentive Plan.

Excluding the impact of the receivables securitisation, consolidated net debt at the end of 1H09 stood at 409.9 million euros, 11.6% (or 42.5 million euros) above the level registered at the end of 1H08, reflecting primarily the underlying negative FCF generated between the two dates. Additionally, in relation to the securitisation transaction, it should be noted that during 1H09, a principal amount of 10 million euros was repaid to noteholders.

Consolidated gross debt continues to be mainly contracted by Sonaecom SGPS and efficient internal cash management is being used to allocate cash between our subsidiaries. At the end of 1H09, the sum of cash and non-utilized committed credit lines at the Sonaecom Group stood at approximately 189 million euros and the weighted average maturity of our credit lines was of approximately 2.5 years. As indicated above no amortizations of bank loans are scheduled until 2010.

CAPEX

During 2008, as part of the announced investment plan for the year, we have extensively invested in the coverage and capacity of our mobile network, with the deployment of new UMTS sites, the upgrade of our 3G network with HSPA and the increase in the backhaul capacity. The substantial investments made during 2008 have placed our mobile network at the forefront of technology, coverage and capacity, allowing Sonaecom to continue to lead in mobile broadband and push for additional growth.

Total consolidated CAPEX during 1H09 was 53.2 million euros while Operating CAPEX reached 52.3 million euros, 22.8% below 1H08, and representing 10.9% of turnover. The y.o.y. reduction in Operating CAPEX registered in 1H09 is mainly the reflection of the completion of the ambitious 2008 investment plan.

Shareholders' Funds

At the end of 1H09, shareholders' funds totalled 930.8 million euros, compared to 921.6 million euros at the end of 1H08, reflecting mainly the net profits generated in the period, which has more than off-set the impact of the acquisition of own shares between the two dates, associated with our employee MTIP obligations.

FCF

| Million euros | 2Q08 | 2Q09 | Δ 09/08 | 1Q09 | q.o.q | 1H08 | 1H09 | Δ 09/08 |
|-------------------------------|--------------|-------------|---------|--------------|---------------|--------------|--------------|--------------|
| LEVERED FREE CASH FLOW | | | | | | | | |
| EBITDA-Operating CAPEX | -0.4 | 15.2 | - | 24.0 | -36.7% | 1.0 | 39.2 | - |
| Change in WC | -20.7 | 24.9 | - | -67.1 | - | -52.8 | -42.2 | 20.1% |
| Non Cash Items & Other | 0.4 | -1.2 | - | 7.7 | - | 2.7 | 6.5 | 145.3% |
| Operating Cash Flow | -20.6 | 38.9 | - | -35.4 | - | -49.2 | 3.6 | - |
| Financial Investments | 0.9 | 0.0 | -100.0% | 0.0 | - | -0.2 | 0.0 | 100.0% |
| Securitisation Transaction | 0.0 | -5.0 | - | -5.0 | 0.0% | 0.0 | -10.0 | - |
| Own shares | -1.4 | -0.7 | 48.7% | -1.3 | 45.1% | -1.4 | -2.0 | -44.7% |
| Public Tender Offer | 0.0 | 0.0 | - | 0.0 | - | -0.1 | 0.0 | 100.0% |
| Financial results | -4.1 | -5.0 | -22.6% | -4.2 | -18.4% | -7.0 | -9.2 | -32.1% |
| Income taxes | 0.0 | 0.0 | - | 0.0 | - | 0.0 | 0.0 | - |
| FCF | -25.1 | 28.2 | - | -45.9 | - | -57.8 | -17.6 | 69.5% |



Consolidated FCF in 1H09 was negative 17.6 million euros, compared to a negative 57.8 million euros in 1H08 and comprised the following main elements:

- A positive EBITDA minus Operating Capex of 39.2 million euros, well above the level registered in 1H08;
- A Working Capital deterioration of 42.2 million euros, reflecting mainly lower credit from fixed asset suppliers, a normal evolution during the first half of the year as a result of the payments due in respect of to the higher Capex level registered in the last quarter of the previous year;
- Working capital in 1H09 also included an extraordinary amount, of approximately 23 million euros, to be received from “Fundação para a Sociedade de Informação”, an institute created to promote the information society in Portugal, in relation to our participation in the “e-Initiatives” programme. In accordance with the agreement in place with that entity, we expect the outstanding amounts to be paid shortly;
- Outflows in the amount of 10.0 million euros related to receivables allocated to the securitisation transaction;
- Payments related to the acquisition of own shares during 1H09, in the amount of 2.0 million euros; and
- Financial outflows of 9.2 million euros, approximately 2.2 million euros above the level registered in 1H08, mainly driven by net financial expenses associated with the securitisation transaction.

It is worth noting that consolidated FCF was positive 28.2 million euros in the 2Q09, compared to a negative 25.1 million euros in 2Q08 and a negative 45.9 million euros in 1Q09, an evidence of the results of increased focus we are placing, during 2009, on cash generation. It should nevertheless be noted that the quarterly performance in terms of working capital was influenced by an extraordinary VAT payment of approximately 25 million euros, related to an internal transaction, made in 1Q09 and subsequently recovered in the 2Q09.

5. Telecommunications

5.1. Mobile Business

2009 continues to be a positive year for our mobile business both in terms of operational and financial indicators. The commercial initiatives implemented in 2008 and the investments made in supporting the brand and in improving our distribution capacity and customer service are delivering good results, namely in terms of growth across all mobile segments.

5.1.1. Operational data

| MOBILE OPERATIONAL KPI's | 2Q08 | 2Q09 | Δ 09/08 | 1Q09 | q.o.q | 1H08 | 1H09 | Δ 09/08 |
|-----------------------------|---------|---------|---------|---------|-------|---------|---------|---------|
| Customers (EOP) ('000) | 2,982.1 | 3,268.7 | 9.6% | 3,219.8 | 1.5% | 2,982.1 | 3,268.7 | 9.6% |
| Net Additions ('000) | 55.2 | 48.9 | -11.4% | 28.2 | 73.7% | 88.6 | 77.1 | -12.9% |
| Data as % Service Revenues | 21.3% | 27.8% | 6.5pp | 27.4% | 0.4pp | 20.9% | 27.6% | 6.7pp |
| Total #SMS/month/user | 57.6 | 48.5 | -15.7% | 46.4 | 4.5% | 49.9 | 47.5 | -4.8% |
| MOU ⁽¹⁾ (min.) | 129.1 | 131.3 | 1.7% | 127.6 | 2.9% | 123.5 | 129.5 | 4.8% |
| ARPU ⁽²⁾ (euros) | 16.8 | 14.9 | -11.3% | 14.9 | 0.1% | 16.9 | 14.9 | -11.7% |
| Customer Monthly Bill | 13.1 | 12.2 | -6.8% | 12.1 | 0.8% | 13.1 | 12.1 | -7.5% |
| Interconnection | 3.8 | 2.8 | -27.0% | 2.8 | -2.9% | 3.8 | 2.8 | -26.1% |
| ARPM ⁽³⁾ (euros) | 0.13 | 0.11 | -12.8% | 0.12 | -2.7% | 0.14 | 0.12 | -15.7% |

(1) Minutes of Use per Customer per month; Value for 1Q09 was adjusted to a definitive figure; (2) Average Monthly Revenue per User; (3) Average Revenue per Minute.

Customer base

Mobile customer base increased by 9.6% to 3.27 million customers at the end of 1H09, compared to 2.98 million at the end of 1H08 and 3.22 million at the end of 1Q09, with net additions reaching circa 49 thousand in the 2Q09, approximately 74% above the level registered in the previous quarter. This growth was achieved at all our mobile segments, with a particular emphasis on the continued expansion of our mobile broadband customer base.

Contract customers continue to increase their weight in the total customer base, having reached in 1H09 approximately 31% of the total mobile base, an increase of 1.9pp against the end of 1H08.

During 1H09, Mobile customer's ARPU was 14.9 euros, down by approximately 2 euros against the comparable period on 2008, through a combination between lower interconnection revenues and the lower ARPM. ARPU remained approximately stable between the first and the second quarter of 2009.

Of the 1H09 ARPU, 12.1 euros were related to customer monthly bill and 2.8 euros to operator revenues, compared to 13.1 euros and 3.8 euros respectively, in 1H08. It is important to note that the 15.7% decrease in ARPM was partially compensated by a 4.8% increase in MOU, leading to a 7.5% decrease in the Monthly Bill.

Data usage

We were again able to maintain our leading position in retail sales of wireless broadband and achieved a material growth of data usage, namely through the promotion of our mobile broadband product "Kanguru", based on HSPA technologies. After completing, in 1Q09, the successful testing of this new technology, Optimus was the first operator to introduce a commercial offer of a wireless broadband product based on HSPA+. With download speeds of up to 21.6 Mbps and upload of 5.7 Mbps, the new Kanguru Xpress offer and the new Optimus Kanguru Pen were made available at the end of 1H09.

The governmental programme ("e-Initiatives") aimed at the development of the 'Information Society' in Portugal, as part of the agreements reached with the Government to fulfil the obligations under the UMTS licenses, continued to contribute to maintaining mobile broadband market growth at a high pace.



During 1H09, Optimus was recognized, in a new survey carried out by the “Exame Informática” magazine, as having the best range of laptops available under the e-schools programme. Optimus Kanguru e-schools offer was thus confirmed as the best option in the programme, including the best laptops, the best wireless internet access and with the exclusive advantage of immediate delivery in over 30 stores across the country.

Data revenues represented 27.6% of service revenues in 1H09, an improvement of 6.7pp vs. 1H08, 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 approximately 73% of total data revenues in 1H09, compared to only 62% in 1H08. Importantly, the revenues from non-SMS data services continue to post significant increases, having grown y.o.y. in 1H09 by more than 50%.

Mobile access network

During 1H09, although at a slower pace when compared to 2008, we continued to invest in the coverage and capacity of our mobile network, with the deployment of new UMTS sites, the upgrade of our 3G network with HSPA and the increase in the backhaul capacity. The substantial investment made in the network during last year is expected to allow Sonaecom to continue to lead in mobile broadband and push for additional growth.

Driven by this constant search for optimisation of our network, Sonaecom has been several times recognised by independent entities as holding the best network in Portugal. Examples of this are the results of the studies published by Anacom during 1H09, aimed at assessing the quality of service of the Portuguese mobile operators, namely in the Lisbon and Porto areas, main cities, main roads and rail tracks. The results show the excellence of the performance of Sonaecom’s mobile network, both in 2G and 3G.

5.1.2. Financial data

| Million euros | 2Q08 | 2Q09 | Δ 09/08 | 1Q09 | q.o.q | 1H08 | 1H09 | Δ 09/08 |
|---------------------------------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|---------------|
| MOBILE INCOME STATEMENT | | | | | | | | |
| Turnover | 151.5 | 152.0 | 0.3% | 146.8 | 3.5% | 303.1 | 298.8 | -1.4% |
| Service Revenues | 144.3 | 140.5 | -2.7% | 139.3 | 0.8% | 288.2 | 279.7 | -3.0% |
| Customer Revenues | 112.0 | 115.1 | 2.8% | 112.8 | 2.1% | 223.8 | 227.9 | 1.8% |
| Operator Revenues | 32.3 | 25.3 | -21.6% | 26.5 | -4.3% | 64.5 | 51.8 | -19.6% |
| Equipment Sales | 7.2 | 11.6 | 59.9% | 7.5 | 53.2% | 14.8 | 19.1 | 28.7% |
| Other Revenues | 12.5 | 8.7 | -30.1% | 8.7 | -0.1% | 22.7 | 17.4 | -23.0% |
| Operating Costs | 132.5 | 110.7 | -16.5% | 108.3 | 2.2% | 258.5 | 219.0 | -15.3% |
| Personnel Costs | 13.3 | 12.7 | -4.8% | 14.0 | -9.1% | 26.0 | 26.7 | 2.5% |
| Direct Servicing Costs ⁽¹⁾ | 50.7 | 40.0 | -21.1% | 43.0 | -7.0% | 101.2 | 83.0 | -18.0% |
| Commercial Costs ⁽²⁾ | 37.6 | 31.3 | -16.8% | 24.5 | 27.4% | 73.7 | 55.8 | -24.3% |
| Other Operating Costs ⁽³⁾ | 30.9 | 26.7 | -13.7% | 26.8 | -0.4% | 57.6 | 53.5 | -7.2% |
| EBITDAP | 31.5 | 50.1 | 59.2% | 47.2 | 6.0% | 67.2 | 97.3 | 44.7% |
| Provisions and Impairment Losses | 2.5 | 4.9 | 101.1% | 3.5 | 42.2% | 5.1 | 8.4 | 65.0% |
| EBITDA | 29.0 | 45.1 | 55.6% | 43.8 | 3.1% | 62.1 | 88.9 | 43.1% |
| EBITDA Margin (%) | 19.1% | 29.7% | 10.5pp | 29.8% | -0.1pp | 20.5% | 29.7% | 9.2pp |
| Operating CAPEX ⁽⁴⁾ | 25.1 | 18.0 | -28.3% | 12.9 | 39.3% | 50.9 | 30.9 | -39.4% |
| Operating CAPEX as % of Turnover | 16.5% | 11.8% | -4.7pp | 8.8% | 3pp | 16.8% | 10.3% | -6.5pp |
| EBITDA - Operating CAPEX | 3.9 | 27.2 | - | 30.9 | -12.0% | 11.2 | 58.0 | - |
| Total CAPEX | 117.7 | 18.1 | -84.6% | 13.7 | 32.6% | 146.4 | 31.8 | -78.3% |

(1) Direct Servicing Costs = Interconnection and Content + Leased Lines + Other Network Operating Costs; (2) Commercial Costs = COGS + Mktg & Sales Costs; (3) Other Operating Costs = Outsourcing Services + G&A + others; (4) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

5.2. Wireline Business

The trends already experienced in 2008 have again prevailed in 1H09, with competitive pressures continuing to be particularly visible in the wireline residential segment, both in terms of voice, broadband and TV. The increased take-up of bundled offers, and the discounts offered by operators, is also contributing to lowering the value for the segment as a whole. In this market environment, we have focused 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 more than 1,500 titles available), while continuously working to improve customer service.

Importantly, we continue to leverage our wireline network to provide convergent services to the corporate and SME markets, a segment where our strategic positioning as an integrated, global player is particularly appealing to customers.

5.2.1. Operational data

| WIRELINE OPERATIONAL KPI's | 2Q08 | 2Q09 | Δ 09/08 | 1Q09 | q.o.q | 1H08 | 1H09 | Δ 09/08 |
|--|----------------|----------------|---------------|----------------|---------------|----------------|----------------|---------------|
| Total Accesses | 701,098 | 528,467 | -24.6% | 554,486 | -4.7% | 701,098 | 528,467 | -24.6% |
| Direct Accesses⁽¹⁾ | 482,540 | 432,886 | -10.3% | 442,085 | -2.1% | 482,540 | 432,886 | -10.3% |
| Direct Voice | 261,116 | 232,258 | -11.1% | 238,589 | -2.7% | 261,116 | 232,258 | -11.1% |
| Direct Broadband | 202,228 | 171,256 | -15.3% | 180,499 | -5.1% | 202,228 | 171,256 | -15.3% |
| Other Direct Services | 19,196 | 29,372 | 53.0% | 22,997 | 27.7% | 19,196 | 29,372 | 53.0% |
| Indirect Accesses | 218,558 | 95,581 | -56.3% | 112,401 | -15.0% | 218,558 | 95,581 | -56.3% |
| Unbundled COs with transmission | 174 | 192 | 10.3% | 186 | 3.2% | 174 | 192 | 10.3% |
| Unbundled COs with ADSL2+ | 166 | 175 | 5.4% | 173 | 1.2% | 166 | 175 | 5.4% |
| Direct access as % Cust. Revenues | 71.4% | 77.4% | 6.1pp | 77.6% | -0.2pp | 68.5% | 77.5% | 9pp |
| Average Revenue per Access - Retail ⁽²⁾ | 21.1 | 22.3 | 5.7% | 22.9 | -2.6% | 21.5 | 22.6 | 5.3% |

(1) Number of Direct Accesses for periods from 3Q07 until 3Q08 were restated in 3Q08; (2) Excluding Mass Calling services' revenues and recalculated in 3Q08 according to the restated number of accesses ; 2Q08 and 1H08 figures were calculated based on the restated number of accesses.

Customer base

At the end of 1H09, total accesses reached 528.5 thousand, a decrease of 24.6% compared to the end of 1H08, explained by a 10.3% decrease in direct accesses and, mainly, by a 56.3% reduction in indirect accesses, as a reflection of the expected churn of indirect voice customers. The number of direct accesses represented 81.9% of the Wireline Business total accesses at the end of the semester, compared to 68.8% at the end of 1H08.

Although at a slower pace than in previous quarters, quarterly direct access net additions were again negative in 2Q09, by circa 9 thousand accesses, as a result of the market trends evidenced since the 2H08: (i) deceleration of the total Portuguese fixed broadband market; (ii) slower expansion of the addressable market for our ULL offers; and (iii) given the predominance of value destructive promotions in the market, the increased focus on quality of service and customer retention.

The average Wireline retail revenue per access increased to 22.6 euros, up by 5.3% against 1H08, driven mainly by the increased weight of the direct access customer base.

It should also be noted that our wireline network plays an important role in the provision of convergent products and services to the SME and Corporate customer segments. In these segments, the number of accesses and customer revenues has evolved positively when compared to the previous year.

Services

During 1H09 we have continued to reinforce our IPTV offer by adding new contents, including several new broadcast channels, with a particular focus placed in the high definition content (both in terms of channels and films available in our Home Video offer). Clix TV offering is now comprised of more than 110 channels.

Importantly, Clix again demonstrated in 1H09 its innovative spirit and leading role in the introduction of new services and functionalities in the Portuguese TV market. After being the first operator to provide an IPTV service in Portugal, Clix SmarTV once again introduced a relevant novelty in the market by offering its customers the functionality of restarting a TV program without previously having given any instructions to record it. "Restart TV" works on any TV box and was made available for free on the main channels of our offers.

In the 2Q09, Clix introduced a new VOD offer, offering its TV customers the opportunity to get unrestricted access to certain film packages, available for a flat monthly subscription fee (a novelty in the Portuguese market).

Fibre access network

We have continued the implementation of FTTH, with which Sonaecom has, for the first time, the complete responsibility for the network used to deliver end-to-end fixed services to the residential market and is, as such, completely in control of the end-to-end quality of service provided to the customer. The feedback we are receiving from connected customers, a few thousand at the end of 1H09, is extremely positive, in terms of both their broadband and TV experience. We are also pleased with what is the experience so far in terms of up-selling new services to existing customers migrated from ULL onto our FTTH network, one of the economic drivers behind our fibre deployment.

5.2.2. Financial data

| Million euros | 2Q08 | 2Q09 | Δ 09/08 | 1Q09 | q.o.q | 1H08 | 1H09 | Δ 09/08 |
|---------------------------------------|-------------|-------------|---------------|-------------|--------------|--------------|--------------|---------------|
| WIRELINE INCOME STATEMENT | | | | | | | | |
| Turnover | 72.4 | 60.0 | -17.1% | 64.3 | -6.6% | 147.6 | 124.3 | -15.8% |
| Service Revenues | 72.2 | 59.2 | -18.0% | 63.9 | -7.4% | 147.2 | 123.1 | -16.4% |
| Customer Revenues | 44.6 | 34.3 | -23.0% | 37.3 | -8.1% | 93.4 | 71.7 | -23.2% |
| Direct Access Revenues | 31.8 | 26.6 | -16.4% | 29.0 | -8.2% | 64.0 | 55.6 | -13.1% |
| Indirect Access Revenues | 11.9 | 7.0 | -40.9% | 7.3 | -4.7% | 27.4 | 14.4 | -47.6% |
| Other | 0.9 | 0.7 | -18.6% | 1.0 | -27.4% | 2.0 | 1.8 | -14.3% |
| Operator Revenues | 27.6 | 24.9 | -10.0% | 26.6 | -6.4% | 53.8 | 51.4 | -4.5% |
| Equipment Sales | 0.2 | 0.8 | - | 0.3 | 142.8% | 0.4 | 1.2 | - |
| Other Revenues | -0.2 | 0.5 | - | 0.0 | - | 0.4 | 0.5 | 11.7% |
| Operating Costs | 69.4 | 57.4 | -17.2% | 61.2 | -6.2% | 141.4 | 118.6 | -16.1% |
| Personnel Costs | 2.4 | 1.2 | -49.9% | 1.5 | -17.2% | 5.0 | 2.7 | -46.1% |
| Direct Servicing Costs ⁽¹⁾ | 49.8 | 36.5 | -26.7% | 40.5 | -9.8% | 98.4 | 77.0 | -21.7% |
| Commercial Costs ⁽²⁾ | 4.4 | 6.7 | 51.5% | 5.8 | 15.9% | 9.2 | 12.4 | 35.5% |
| Other Operating Costs ⁽³⁾ | 12.7 | 13.0 | 2.4% | 13.5 | -3.3% | 28.8 | 26.5 | -8.0% |
| EBITDAP | 2.8 | 3.1 | 12.0% | 3.0 | 1.6% | 6.6 | 6.1 | -7.6% |
| Provisions and Impairment Losses | 1.3 | 2.1 | 62.1% | 2.4 | -14.5% | 2.6 | 4.5 | 70.0% |
| EBITDA | 1.5 | 1.0 | -30.6% | 0.6 | 62.3% | 4.0 | 1.7 | -58.3% |
| EBITDA Margin (%) | 2.1% | 1.7% | -0.3pp | 1.0% | 0.7pp | 2.7% | 1.3% | -1.4pp |
| Operating CAPEX ⁽⁴⁾ | 9.6 | 12.0 | 24.6% | 7.8 | 53.6% | 16.3 | 19.7 | 20.8% |
| Operating CAPEX as % of Turnover | 13.3% | 19.9% | 6.7pp | 12.1% | 7.8pp | 11.1% | 15.9% | 4.8pp |
| EBITDA - Operating CAPEX | -8.1 | -10.9 | -34.7% | -7.1 | -52.8% | -12.3 | -18.1 | -46.5% |
| Total CAPEX | 10.5 | 12.0 | 14.1% | 7.8 | 53.6% | 17.2 | 19.7 | 14.6% |

(1) Direct Servicing Costs = Interconnection and Content + Leased Lines + Other Network Operating Costs; (2) Commercial Costs = COGS + Mktg & Sales Costs; (3) Other Operating Costs = Outsourcing Services + G&A + others; (4) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

6. Software and Systems Information (SSI)



SSI again achieved a good set of operational and financial results, registering significant top line and profitability growth. This evolution continues to be driven by growth and the international expansion of WeDo Technologies, as well as by the increased market penetration of all other operating companies: Mainroad (IT Management, Security and Business Continuity), Bizdirect (value added IT Products) and Saphety (Business process automation, electronic invoicing and security on B2B transactions).

During the 2Q09, WeDo completed the acquisition of the assets of Brainware - a Portuguese IT company focused on the financial sector – which included the transfer to WeDo of its team of consultants, products and portfolio of customers. With this transaction, WeDo aims to increase its presence in the financial sector segment.

6.1. Operational data

| SSI OPERATIONAL KPI's | 2Q08 | 2Q09 | Δ 09/08 | 1Q09 | q.o.q | 1H08 | 1H09 | Δ 09/08 |
|--|-------|---------|---------|---------|-------|---------|---------|---------|
| IT Service Revenues/Employee ⁽¹⁾ ('000 euros) | 29.7 | 34.5 | 16.1% | 28.2 | 22.3% | 57.9 | 62.7 | 8.3% |
| Equipment Sales as % Turnover | 46.1% | 62.5% | 16,4pp | 61.2% | 1,3pp | 46.4% | 61.9% | 15,4pp |
| Equipment Sales/Employee ⁽²⁾ ('000 euros) | 975.1 | 1,467.1 | 50.5% | 1,448.3 | 1.3% | 1,950.8 | 2,915.9 | 49.5% |
| EBITDA/Employee ('000 euros) | 3.0 | 3.6 | 23.3% | 3.9 | -6.4% | 4.8 | 7.5 | 56.4% |
| Employees | 453 | 507 | 11.9% | 502 | 1.0% | 453 | 507 | 11.9% |

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

IT service revenues per employee reached 62.7 thousand euros in 1H09, 8.3% above the comparable period of 2008, while equipment sales per employee have increased y.o.y by more than 49%. Both indicators clearly demonstrate the continuous efficiency gains achieved by SSI companies. Total headcount at the end of 2Q09 increased to 507, a 11.9% y.o.y growth, mainly due to the need for additional internal consultants to support the increased level of activity at all subsidiaries and to the growing international footprint of WeDo.

WeDo continues to increase its international presence, grow its leading position in the international Revenue Assurance market, while expanding its product portfolio and enlarging its offer beyond its traditional telecoms customer base. It is worth highlighting that WeDo hosted, in May 2009, its 4th user group meeting. For two days the company presented its new business focus, based on the concept of business assurance, to over 70 specialists from all over the world. This event brought to Portugal over 30 telecommunications operators, with operators such as Vodafone, Ufone and Orascom presenting their cases on successfully implementing WeDo's solutions.

As part of the on-going process to rationalise its international office network, WeDo changed the location of its offices in Brazil, driven by the rapid growth of the team over the last year as well as to the consolidation of the activities in the local market. WeDo now has a local presence in 12 different countries. It should also be noted that during 1H09, revenues in the international markets totalled more than 56% of total revenues.

Mainroad, a leading supplier of business continuity services, was awarded the second place in the category of "Best Risk Mitigation Provider" at the Data Centres Europe Awards 2009. This distinction, obtained in a contest which included 20 large providers from all over the world, is a indication of the leading capabilities of Mainroad in terms of security and business continuity.

In June 2009, **Saphety** (via its "BizGov" platform) was selected by the National Agency for Public Procurement as one of the four companies that will provide electronic platform services for public procurement. In line with national and EU guidelines, the installation of electronic platforms at the level of public procurement are aimed at reducing bureaucracy in procurement procedures, as a way to ensure competition, transparency and improved conditions for public contracts.

6.2. Financial data

| Million euros | 2Q08 | 2Q09 | Δ 09/08 | 1Q09 | q.o.q | 1H08 | 1H09 | Δ 09/08 |
|--|--------------|--------------|---------------|--------------|---------------|--------------|--------------|---------------|
| SSI CONSOLIDATED INCOME STATEMENT | | | | | | | | |
| Turnover | 27.42 | 42.21 | 53.9% | 39.92 | 5.7% | 54.47 | 82.13 | 50.8% |
| Service Revenues | 14.79 | 15.84 | 7.1% | 15.49 | 2.3% | 29.19 | 31.32 | 7.3% |
| Equipment Sales | 12.64 | 26.37 | 108.7% | 24.43 | 7.9% | 25.29 | 50.81 | 100.9% |
| Other Revenues | 1.55 | 0.07 | -95.3% | 0.25 | -70.4% | 1.62 | 0.32 | -80.3% |
| Operating Costs | 26.19 | 40.43 | 54.4% | 38.11 | 6.1% | 52.37 | 78.54 | 50.0% |
| Personnel Costs | 6.70 | 7.09 | 5.9% | 7.02 | 1.1% | 13.64 | 14.11 | 3.4% |
| Commercial Costs ⁽¹⁾ | 12.68 | 26.36 | 107.9% | 24.34 | 8.3% | 25.45 | 50.70 | 99.2% |
| Other Operating Costs ⁽²⁾ | 6.80 | 6.98 | 2.6% | 6.75 | 3.3% | 13.27 | 13.73 | 3.5% |
| EBITDAP | 2.78 | 1.85 | -33.5% | 2.06 | -10.3% | 3.72 | 3.91 | 5.2% |
| Provisions and Impairment Losses | 0.01 | -0.05 | - | 0.08 | - | 0.07 | 0.03 | -55.4% |
| EBITDA | 2.78 | 1.90 | -31.4% | 1.98 | -3.6% | 3.65 | 3.88 | 6.3% |
| EBITDA Margin (%) | 10.1% | 4.5% | -5.6pp | 4.9% | -0.4pp | 6.7% | 4.7% | -2pp |
| Operating CAPEX ⁽³⁾ | 0.29 | 0.99 | - | 0.46 | 116.4% | 0.41 | 1.44 | - |
| Operating CAPEX as % of Turnover | 1.0% | 2.3% | 1.3pp | 1.1% | 1.2pp | 0.8% | 1.8% | 1pp |
| EBITDA - Operating CAPEX | 2.49 | 0.92 | -63.2% | 1.52 | -39.7% | 3.24 | 2.44 | -24.7% |
| Total CAPEX | -2.03 | 0.99 | - | 0.46 | 116.4% | -2.01 | 1.44 | - |

(1) Commercial Costs = COGS + Mktg & Sales; (2) Other Operating Costs = Outsourcing Services + G&A + others; (3) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

Turnover

SSI turnover again increased significantly y.o.y and was up 50.8% in 1H09 to 82.1 million euros, as a result of both higher IT equipment sales, which have more than doubled, to 50.8 million euros, and higher service revenues, up by 7.3%, mainly driven by the 5.6% increase in service revenues at WeDo, with a particularly high growth registered in the Latin America region. This subsidiary continues to account for the majority (circa 68% in the 1H09) of SSI's service revenues.

In terms of quarterly evolution between 1Q09 and 2Q09, the growth registered both in service revenues (+2.3%) and equipment sales (+7.9%) is a positive indication of the relative resilience of SSI's business to the current economic downturn.

During 1H09, equipment sales represented 61.9% of turnover, an increase of 15.4pp over the level registered in the same period on 2008, driven by a positive contribution from the sale of software licenses and computers at Bizdirect, partly explained by the success of laptop sales under the e-schools programme.

EBITDA

SSI EBITDA was positive 3.9 million euros in 1H09, up by 6.3% against last year, with EBITDA margin decreasing by 2pp to 4.7% due to (i) the one-off impact related to the recognition of a gain of 1.4 million euros in 2Q08, related to the final closure of Tecnológica's purchase process by WeDo; and (ii) to the increased level of equipment sales, which carry lower margins, and notwithstanding the positive EBITDA evolution of Bizdirect and Saphety. Importantly, on a like-for-like basis, i.e. excluding the 1.4 million euros gain referred to above, SSI's EBITDA and EBITDA margin have grown, in 1H09, by 74.0% and 0.6pp, respectively.

In relation to EBITDA margin, WeDo achieved a positive 9.7% in 1H09; a significant increase from the 5.0% margin registered in 1H08, again, on a comparable basis (excluding the gain related to the final closure of Tecnológica's purchase process). This growth was driven by the improved top line performance, by the increased cost efficiency in managing its international presence and by the unlock of synergies generated by the acquisitions carried out at the end of 2007.



7. Online and Media

During the first half of 2009, our Media division was reorganised in order to incorporate also our other on-line portals, including the Clix portal and Miao.pt, a leading on-line auctions portal in Portugal, which, together with Público.pt, are now being managed in an integrated manner. This reorganisation was aimed at extracting all possible synergies between the businesses and at exploiting the increasing potential of our leading on-line presence. It should also be noted that through its strategy of pioneering innovation in the digital context, Público continues to be a clear leader in the on-line access among Portuguese newspapers, an area where it is showing a positive growth.

During the 2Q09, Público received a prestigious international award (from the Design and Art Direction organization) for its leading design, the first time that a Portuguese newspaper has been awarded such prize. This prize is a recognition of the quality of the design and graphic work at Público.

Also during June 2009, Público's readers were able to take advantage of exclusive offers from various entities such as the Calouste Gulbenkian and Serralves foundations or "Pousadas de Portugal". This successful promotion, made available in the daily editions from Monday to Tuesday, was publicised under the heading "In June, Público is worth more than 1€".

7.1. Operational data

| PÚBLICO OPERATIONAL KPI's | 2Q08 | 2Q09 | Δ 09/08 | 1Q09 | q.o.q | 1H08 | 1H09 | Δ 09/08 |
|---|--------|--------|---------|--------|--------|--------|--------|---------|
| Average Paid Circulation ⁽¹⁾ | 42,055 | 38,198 | -9.2% | 40,151 | -4.9% | 42,670 | 39,174 | -8.2% |
| Market Share of Advertising (%) | 13.2% | 11.9% | -1.3pp | 11.9% | 0pp | 12.9% | 11.8% | -1.2pp |
| Audience ⁽²⁾ (%) | 4.5% | 4.2% | -0.3pp | 4.6% | -0.4pp | 4.3% | 4.4% | 0.1pp |
| Employees | 261 | 248 | -5.0% | 253 | -2.0% | 261 | 248 | -5.0% |

(1) Estimated value updated in the following quarter; (2) As % of addressable population; Source: Bareme Imprensa.

Paid circulation figures decreased by 8.2% when compared to 1H08, with an average of 39,174 newspapers sold in 1H09. As mentioned above, the paid press market continues to face competitive challenges, with an increase in the on-line readership of newspapers and continued competition from 'free' newspapers (which in recent months are, nevertheless, showing a substantial decrease in circulation figures). Until May 2009, the latest available information, Público's average market share of paid circulation, among daily press, reached 10.9%, approximately 0.9pp below the comparable period in 2008¹.

Positively, the most recent audience indicators continue to indicate a slight increase in the total number of readers, with Público reaching circa 4.4% of the addressable market in the 1H09 (a 0.1pp increase against 1H08). It is also worth noting that Público recovered the third position, in terms of audience, among the daily generalist press.

In relation to advertising, market dynamics deteriorated further in 1H09, with advertising revenues for the daily paid generalist press sector as a whole, YTD until May, decreasing by 14.1%² compared to the same period of the previous year. As indicated in the past, these numbers refer to advertising space calculated at reference table prices, which underestimates the negative trends as competitive pressures continue to lead to higher discounts. It should be noted that, contrary to the market tendencies during most of 2008, in the same period, the free newspapers' advertising revenues are estimated to have had an even more negative performance in terms of advertising revenues (a reduction of circa 34% y.o.y).

Público's advertising market share reached 11.8% in 1H09, approximately 1.2pp below the level registered in 1H08. The deteriorating macro-economic environment is leading to further cuts in business spend during 2009, with negative impacts over advertising budgets. The advertising revenue losses registered by Público are estimated to be approximately in-line with those of its main competitors.

¹ Source: APCT

² Source: Marktest/Media Monitor

7.2. Financial data

| Million euros | 2Q08 | 2Q09 | Δ 09/08 | 1Q09 | q.o.q | 1H08 | 1H09 | Δ 09/08 |
|---------------------------------------|--------------|--------------|----------------|--------------|---------------|--------------|--------------|---------------|
| ONLINE & MEDIA CONS. INCOME STATEMENT | | | | | | | | |
| Turnover | 9.42 | 7.76 | -17.6% | 7.41 | 4.7% | 17.23 | 15.17 | -11.9% |
| Advertising Sales ⁽¹⁾ | 4.15 | 3.69 | -10.9% | 3.13 | 17.9% | 7.31 | 6.83 | -6.5% |
| Newspaper Sales | 3.04 | 2.89 | -5.0% | 3.05 | -5.3% | 6.09 | 5.95 | -2.4% |
| Associated Product Sales | 2.23 | 1.17 | -47.4% | 1.22 | -4.2% | 3.83 | 2.40 | -37.5% |
| Other Revenues | 0.04 | 0.05 | 28.1% | 0.05 | -10.1% | 0.10 | 0.10 | 0.7% |
| Operating Costs | 9.78 | 8.44 | -13.7% | 8.30 | 1.7% | 18.78 | 16.75 | -10.8% |
| Personnel Costs | 2.98 | 3.13 | 4.9% | 3.05 | 2.4% | 5.89 | 6.18 | 5.0% |
| Commercial Costs ⁽²⁾ | 3.72 | 2.64 | -28.9% | 2.44 | 8.3% | 6.72 | 5.08 | -24.3% |
| Other Operating Costs ⁽³⁾ | 3.08 | 2.67 | -13.3% | 2.81 | -4.8% | 6.18 | 5.48 | -11.2% |
| EBITDAP | -0.32 | -0.64 | -98.0% | -0.84 | 24.1% | -1.45 | -1.47 | -1.8% |
| Provisions and Impairment Losses | 0.04 | 0.13 | - | 0.07 | 102.4% | 0.08 | 0.20 | 150.9% |
| EBITDA | -0.36 | -0.77 | -111.6% | -0.90 | 14.9% | -1.53 | -1.67 | -9.5% |
| EBITDA Margin (%) | -3.9% | -9.9% | -6pp | -12.2% | 2.3pp | -8.9% | -11.0% | -2.2pp |
| Operating CAPEX ⁽⁴⁾ | 0.60 | 0.18 | -69.0% | 0.15 | 24.2% | 0.70 | 0.33 | -52.4% |
| Operating CAPEX as % of Turnover | 6.3% | 2.4% | -3.9pp | 2.0% | 0.4pp | 4.1% | 2.2% | -1.9pp |
| EBITDA - Operating CAPEX | -0.96 | -0.95 | 0.7% | -1.05 | 9.4% | -2.23 | -2.01 | 9.9% |
| Total CAPEX | 0.60 | 0.18 | -69.0% | 0.15 | 24.2% | 0.70 | 0.33 | -52.4% |

(1) Includes Content; (2) Commercial Costs = COGS + Mktg & Sales Costs; (3) Other Operating Costs = Outsourcing Services + G&A + others; (4) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

Turnover

During 1H09, the Online and Media turnover decreased by 11.9% to 15.2 million euros, as a reflection of following trends in its revenue lines: (i) a 2.4% reduction in newspaper sales at Público, despite the cover price increase in 4Q08; (ii) a negative evolution in advertising sales (-6.5%), driven by the negative market trends; and (iii) a 37.5% reduction in associated product sales, partly driven by the different mix of associated products offered in the period. In terms of recent quarterly evolution, a positive improvement was achieved in 2Q09, when compared to the previous quarter, at the level of advertising revenues, which have grown by more than 17% against 1Q09.

It should be noted that Público increased its shareholding in Unipress to 50% at the end of 2008. Consequently, this subsidiary, a printing company that carries Público's, as well as other newspapers, printing in the northern part of Portugal, started, from 1 January 2009, to be proportionally consolidated in the accounts of our Online and Media business.

EBITDA

In 1H09, our Online and Media business generated a negative EBITDA of 1.7 million euros, which represents a 9.5% reduction over 1H08 as the negative trend at the top line level was not compensated by savings achieved in most of its cost lines, including a 24.3% reduction in commercial costs and a 11.2% reduction in other operating costs. This performance in terms of costs was achieved notwithstanding the 5.0% increase in personnel costs, driven by the on-going restructuring process.

Público will continue to explore brand extension opportunities, expand the newspaper's on-line presence, seeking to extract complementarities between the on-line and paper versions, and rationalise costs wherever possible.



8. Main Regulatory Developments in 2Q09

EU Roaming Regulation

The European Parliament and the European Council approved during 2Q09 the new regulation over international roaming services (EC regulation nº 544/009). This regulation extends the control over roaming voice services pricing until 2012, imposes per second billing and introduces regulation over retail and wholesale SMS roaming pricing. In relation to data services, the new regulation establishes a control over wholesale prices and foresees the adoption of several measures aimed at increasing consumer visibility over pricing.

Broadband Wireless Access: Terms of Tender

Anacom launched a public consultation on the terms of the tender process for the granting of frequencies rights in the 3400 – 3800 MHz band, for the purpose of providing broadband wireless access (“BWA”) services.

In line with previous consultations on the matter, the proposed terms for the tender include a two staged process. In the first phase of this process the following entities are not allowed to participate: (i) holders of frequency rights in this band and/or other frequencies rights for the rendering of mobile services; (ii) operators designated as having significant market power in market 5 (wholesale broadband access) and; (iii) entities which are subsidiaries or which control companies which fall under the previous categories.

Mobile termination rates: TMN appeal rejected

The Lisbon Administrative Court has decided not to uphold the request presented by TMN aimed at suspending Anacom’s deliberation in relation to price controls on mobile termination rates, which foresees asymmetric termination rates in favour of Sonaecom (Optimus). In 2008, the same court had already rejected a similar request presented by Vodafone.

Legal regime for the construction and access to communication’s infrastructures (Decree-Law nº 123/2009)

The legal regime that defines the terms for construction, access and installation of electronic communications’ networks and infrastructures was published at the end of May 2009.

Alongside rules for the construction of new and extension of existing infrastructures, this Decree-Law foresees the granting, to the electronic communication providers, of access rights to all ducts and infrastructure owned by the Portuguese state and other public entities. It is also worth noting the creation of the “Sistema de Informação Centralizado” (Centralised Information System), a system which will gather all the information concerning ducts and other infrastructure held by operators and by any public entity.

This diploma has also introduced an obligation to the first operator to access a certain building to install the vertical optical fibre network in a manner that allows its sharing with other operators. These operators will have to bear part of the costs incurred by the first mover. The specific conditions for the implementation of these guidelines will now be set by the Government.

9. Main Corporate Developments in 2Q09

2009 Shareholders Annual General Meeting

At the company’s Annual General Meeting held on 17 April 2009, shareholders have approved, among others, the following proposals:

- 1) To approve the Annual Report and Individual and Consolidated Accounts of Sonaecom, SGPS, S.A. for the year ended 31 December 2008, as presented;
- 2) To approve the proposed application of the company’s positive Net Result;
- 3) To authorize the Board of Directors to, over the next 18 months and subject to the limits established by law, purchase and sell own shares, under the terms of the proposal that was presented by the Board;
- 4) To authorize the purchase and holding of shares of Sonaecom, over the next 18 months, by directly or indirectly controlled companies.

Resignation of member of the Board of Directors

On 4 May 2009, Christopher Lawrie presented his resignation as a member of the Board of Directors and as the CFO of the company. As announced by the Sonae Group on the same date, Christopher Lawrie has taken up a new role as CEO of a recently created retail real estate business unit.

Acquisition of own shares

From 1 April to 8 April 2009, Sonaecom purchased, through the Euronext Lisbon Stock Exchange, a total of 453,248 own shares representing approximately 0.12% of its share capital, for the purposes of the employees Medium Term Incentive Plan. The weighted average price of all the purchases referred above stood at 1.55 euros per share.

As at the end of 1H08, Sonaecom was the holder of 6,564,202 own shares, representing approximately 1.79% of its share capital.

SAFE HARBOUR

This document may contain forward-looking information and statements, based on management's current expectations or beliefs. Forward-looking statements are statements that are not historical facts.

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.

Although these statements reflect our current expectations, which we believe are reasonable, investors, analysts and, generally, the recipients of this document are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. You are cautioned not to put undue reliance on any forward-looking information or statements. We do not undertake any obligation to update any forward-looking information or statements.

Report available in Sonaecom's institutional website
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Sonaecom SGPS is listed on the Euronext Stock Exchange.
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