SONAECOM

Results Announcement

First Nine Months 2009

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Note:
The Consolidated Financial Information contained in this report is unaudited 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

Mobile **Customer Revenues** again up by 3.0% y.o.y in 3Q09, reaching €117.5m, a record quarter for our mobile business

Internet & Data reaching almost 28% of Mobile Service Revenues in 9M09, up by 6.2pp against the previous year

EBITDA of €136.5m, 16.8% above 9M08, despite the highly competitive environment and reductions in roaming tariffs

Net Results positive by €3.0m in the 9M09

Consolidated FCF again positive by €20.9m in 3Q09

YTD FCF already positive by €3.2m, reflecting a €74.4m improvement in cash flow generation over 9M08

Net Debt at €302m, with the **Net Debt to EBITDA** again decreasing to circa 1.7x

SSI generating revenues of €116m in the 9M09 (+35%) and increasing EBITDA by 48.8% against last year, on a comparable basis

2. Message from Ângelo Paupério, CEO of Sonaecom

Sonaecom's performance during the first nine months of 2009 was very positive and, in certain respects, exceeded our expectations. We have been able to reach what we consider a consistent top-line performance, with growth in mobile customer revenues and in our Software and System Information (SSI) division. In terms of costs, as a result of several initiatives launched in the second half of last year, we are keeping our structure costs under tight control and rigorously managing our CAPEX spend. These factors have translated into a significantly improved consolidated EBITDA performance, which rose 16.8% compared to last year. Importantly, the same factors also enabled us to generate a positive cumulative free cash flow (FCF) in the first nine months of 2009.

There is clear evidence that our **mobile business** is expanding its presence across several segments of its market. We have seen sustained growth in our core mobile customer base, which now comprises more than 3.3 million subscribers; and in our mobile customer revenues, which rose 2.2% against 9M08 and reached a record level in the third quarter of 2009. Combined with material savings across several cost lines, this upward trend has generated a substantial year-on-year increase of 24% in our mobile business's EBITDA performance.

Our **corporate and SME business** – which now delivers, a fully convergent fixed and mobile business service offer under the Optimus brand – continues to grow its customer base and revenues. This growth fully vindicates our decision to adopt convergent positioning in these segments and demonstrates that our distinctive offer has been well received by our target customers.

Despite severe value destruction in the residential segment, we have been able to register positive profitability at the **wireline business**, which achieved a year-to-date EBITDA of 3.4 million euros and EBITDA growth between 2Q09 and 3Q09. In light of aggressive price promotions in the market, delivering enhanced value and service quality to our existing customers remains at the heart of our value proposition.

We continued to deploy our **FTTH network**, with the stated target of reaching approximately 200 thousand homes passed by year-end. In line with our strategy of pursuing a 'capital light' deployment while seeking alternative ways of further expanding the reach of our fibre offers, during 3Q09 we signed an agreement with DST, a national construction group, to commercially explore the current and future zones passed by that company's fibre project. In parallel, we have agreed to partner with that company through the provision of our fibre offers as part of the public tendering process for deploying next generation networks in more sparsely populated areas of the country.

We are expanding our **SSI** division's footprint as it continues to deliver positive growth and higher profits. In the first nine months of 2009, SSI's turnover grew by more than 35% compared to last year thanks to increased service revenues and equipment sales. Higher contributions – particularly from Bizdirect and Saphety – led to a much improved EBITDA result, which rose 49% against last year on a like-for-like basis.

In a challenging context, our **online and media business** successfully offset a 7.7% drop in turnover during the first nine months of 2009 with additional measures aimed at optimizing its cost structure that led to a 17% reduction in its EBITDA losses. It is also important to note that recent audience indicators demonstrate that our readership levels remain resilient as we continue to seek new ways of leveraging the Público brand and explore new opportunities to strengthen its leading online position.

In a clear demonstration that we remain on the forefront of innovation in our markets, our businesses delivered some notable commercial initiatives during 3Q09. In particular, I would like to highlight the following milestones:

- **Optimus** launched "LifeShare", an innovative content and social aggregator, to become the first operator to offer customers, using any mobile phone, the chance to access alert services, upload photos and update their status on the world's three biggest online social networks;

- **Optimus Kanguru** once again surprised the market following its launch of the first wireless broadband tariff with unlimited traffic 24 hours a day;
- **Clix**, aiming to further improve our customers' experience and fulfil their needs, introduced an "RF Overlay" functionality, enabling access to TV services in the entire home without the need for multiple set top boxes;
- **Público** recently revamped its on-line homepage, which now includes additional functionalities and data, as well as faster and easier access to relevant information. In September 2009, "publico.pt" attracted a record number of visitors, a clear sign that our efforts to strengthen our online content were well received by readers;
- At SSI, **WeDo** expanded its product portfolio with a new dispute management solution. It also closed a number of important contracts for its leading revenue assurance product;
- **Bizdirect** received a Market Growth Achievement award from IBM Europe.

Turning to **regulatory matters,** we note that a number of regulatory decisions have now been implemented across Europe, granting operators clear medium-term guidelines over regulated tariffs. Contrary to what was established by the regulator when taking its previous decision in 2008, the re-analysis of the level of mobile termination rates (MTRs) in Portugal has not yet been completed. We now expect Anacom to finalise this process soon and we hope that it takes into account recent market dynamics when making its decision. The competitive benefits arising from the introduction of asymmetric rates in 2008 are now clear. Underpinned by the launch of innovative products and services – including offers aimed at attacking the "network effect" – they are giving consumers greater choice and improved value.

During 3Q09, the Portuguese Competition Authority (AdC) fined PT and Zon for abuse of dominant position in the broadband wholesale access market between May 2002 and June 2003. These sanctions arose from an investigation process that started after a number of PT Group competitors, including Sonaecom, made several complaints to the regulators. As a result of this investigation, AdC has demonstrated the existence of unfair competitive practices, specifically through "margin squeeze". Despite very long delays in the investigation process, we are pleased that abuses of dominant position in this segment of the telecoms market have been so clearly recognized. It should be noted that other similar processes are still being investigated by the relevant authorities. This has been a longstanding claim by Sonaecom and, for several times, we have raised awareness around the irrecoverable damages these abuses inflicted on the sector dynamics. Following this outcome, Sonaecom will pursue all legal available means to claim back the losses caused by such unfair practices.

Meanwhile, we will be able to meet or, in the case of EBITDA, even exceed the challenging targets we set ourselves at the beginning of the year, amid such high levels of risk and uncertainty. It should also be noted that our focus on cash flow generation is already delivering positive results. This is demonstrated by our positive cumulative FCF performance in the first nine months of 2009, which included the positive impact of a recent payment from the fund created to promote the information society in Portugal, corresponding to approximately 60% of the amount we were owed. We now expect to receive the amount outstanding in the coming months. Our positive cash flow performance has allowed for a further improvement of Sonaecom's capital structure, which we believe is an important achievement in the prevailing macroeconomic environment.

I would like to conclude by noting that, while growing its presence in the market, Sonaecom is achieving increased profitability and cash flow generation. These achievements indicate a strong resilience to the current negative economic environment and a sound execution of our core strategy during 2009. Measured against financial as well as operational criteria, I am pleased with our performance during the first nine months of this year. What's more, I am fully convinced that while delivering value to our customers, our strategy is also the right one when it comes to creating long term value for our shareholders.

3. Quarter Highlights

KEY OPERATING INDICATORS

OPERATING KPI's	3Q08	3Q09	∆ 09/08	2Q09	q.o.q	9M08	9M09	∆ 09/08
Mobile Business								
Customers (EOP) ('000)	3,058.3	3,326.9	8.8%	3,268.7	1.8%	3,058.3	3,326.9	8.8%
Data as % Service Revenues	22.7%	28.1%	5,4pp	27.8%	0,3pp	21.5%	27.8%	6,2pp
ARPU(1) (euros)	17.4	15.2	-12.4%	14.9	2.1%	17.1	15.0	-11.9%
MOU(2) (min.)	134.8	133.8	-0.8%	131.3	1.9%	127.4	130.9	2.8%
Wireline Business								
Total Accesses (EOP)	644,457	513,822	-20.3%	528,467	-2.8%	644,457	513,822	-20.3%
Direct	476,106	426,431	-10.4%	432,886	-1.5%	476,106	426,431	-10.4%
Indirect	168,351	87,391	-48.1%	95,581	-8.6%	168,351	87,391	-48.1%
Average Revenue per Access - Retail(3)	21.6	22.5	4.4%	22.3	1.2%	21.5	22.6	4.8%
Sonaecom								
Total Employees	1,973	2,003	1.5%	2,002	0.0%	1,973	2,003	1.5%
Telecomunications	442	435	-1.6%	436	-0.2%	442	435	-1.6%
SSI	471	511	8.5%	507	0.8%	471	511	8.5%
Media	273	257	-5.9%	259	-0.8%	273	257	-5.9%
Shared Services(4) and Corporate Centre	787	800	1.7%	800	0.0%	787	800	1.7%

(1) Average Monthly Revenue per User; (2) Minutes of Use per Customer per month; (3) Excluding Mass Calling services' revenues; (4) Shared Services includes, among other

KEY FINANCIAL INDICATORS

Million euros

CONSOLIDATED FINANCIAL KPI's	3Q08	3Q09	∆ 09/08	2Q09	q.o.q	9M08	9M09	∆ 09/08
Turnover	251.3	235.0	-6.5%	240.7	-2.4%	726.9	716.6	-1.4%
Service Revenues	221.9	206.8	-6.8%	199.9	3.4%	654.0	608.5	-7.0%
Customer Revenues	165.8	163.1	-1.6%	161.7	0.9%	506.7	486.5	-4.0%
Operator Revenues	56.1	43.6	-22.2%	38.2	14.2%	147.3	122.0	-17.2%
EBITDA	48.2	45.0	-6.6%	46.1	-2.3%	116.9	136.5	16.8%
EBITDA Margin (%)	19.2%	19.2%	0pp	19.2%	0pp	16.1%	19.1%	3pp
Net Results - Group Share(1)	4.1	1.3	-67.7%	1.2	13.2%	-8.1	2.8	-
Operating CAPEX(2)	46.7	35.5	-24.0%	30.9	14.8%	114.4	87.8	-23.3%
Operating CAPEX as % of Turnover	18.6%	15.1%	-3,5pp	12.8%	2,3pp	15.7%	12.2%	-3,5pp
EBITDA - Operating CAPEX	1.5	9.6	-	15.2	-37.1%	2.5	48.8	-
FCF(3)	-13.4	20.9	-	28.2	-26.1%	-71.2	3.2	-
Net Debt	382.9	302.2	-21.1%	321.3	-5.9%	382.9	302.2	-21.1%
Net Debt/ EBITDA (last 12 months)	2.4 x	1.7 x	-0,7x	1.8 x	-0,1pp	2.4 x	1.7 x	-0,7x

(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 8.8% to 3.33 million at the end of 9M09, with net additions in the period reaching 135.3 thousand. Data revenues represented 27.8% of service revenues in the period, up 6.2 pp against 9M08; (ii) Total wireline direct accesses reached 426.4 thousand, 6.5 thousand less than at the end of the previous quarter, as a result of the competitive pressures in the wireline residential market and the growing use of mobile broadband.

- **Personnel:** total headcount has increased by 1.5% when compared to the previous year, reaching a total of more than 2 thousand employees at the end of 9M09, 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 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 9M08 and represented less than 1.2% of total headcount at the end of 9M09.

- **Consolidated Service Revenues** decreased by 7.0% against 9M08, as a result of both a 4.0% decrease in customer revenues, fully driven by the negative evolution at the wireline residential business, and a 17.2% reduction in operator revenues, resulting from the negative impacts of reductions in regulated tariffs (roaming pricing and, mainly, the introduction of the new mobile termination rates).

- **Consolidated EBITDA** was 136.5 million euros, almost 17% higher than in 9M08, mainly as a result of the improved contributions from the Mobile and SSI Businesses. EBITDA margin has improved by 3 pp, from 16.1% in 9M08 to 19.1% in 9M09, mainly due to: (i) a better service margin, which also includes the benefits of the MTR programme, introduced in August 2008; (ii) lower commercial costs, particularly marketing and sales, at our mobile business; and; (iii) a 5.2% reduction in other operating costs, as a result of the cost saving initiatives launched during the 2H08.

4. Consolidated Results

4.1. Consolidated Income Statement

Million euros

CONSOLIDATED INCOME STATEMENT	3Q08	3Q09	∆ 09/08	2Q09	q.o.q	9M08	9M09	∆ 09/08
Turnover	**251.3**	**235.0**	**-6.5%**	**240.7**	**-2.4%**	**726.9**	**716.6**	**-1.4%**
Mobile	165.5	154.5	-6.7%	152.0	1.6%	468.6	453.3	-3.3%
Wireline	72.6	62.2	-14.3%	60.0	3.6%	220.1	186.5	-15.3%
Online & Media	7.1	7.3	2.4%	7.8	-5.8%	24.4	22.5	-7.7%
SSI	31.2	33.4	7.3%	42.2	-20.8%	85.7	115.6	34.9%
Other & Eliminations	-25.1	-22.4	10.5%	-21.3	-5.2%	-71.9	-61.3	14.7%
Other Revenues	**1.4**	**0.8**	**-45.5%**	**1.4**	**-45.7%**	**5.7**	**3.1**	**-46.1%**
Operating Costs	**197.7**	**188.0**	**-4.9%**	**188.9**	**-0.5%**	**601.1**	**566.8**	**-5.7%**
Personnel Costs	21.8	24.2	11.0%	24.4	-0.8%	70.6	73.4	4.0%
Direct Servicing Costs[1]	76.7	67.8	-11.5%	63.6	6.6%	244.7	201.3	-17.7%
Commercial Costs[2]	62.4	59.6	-4.4%	64.6	-7.7%	170.8	183.2	7.3%
Other Operating Costs[3]	36.9	36.3	-1.6%	36.3	0.0%	115.0	108.9	-5.2%
EBITDAP	**55.0**	**47.8**	**-13.1%**	**53.2**	**-10.1%**	**131.6**	**152.9**	**16.2%**
Provisions and Impairment Losses	6.8	2.8	-59.0%	7.1	-60.5%	14.7	16.3	11.4%
EBITDA	**48.2**	**45.0**	**-6.6%**	**46.1**	**-2.3%**	**116.9**	**136.5**	**16.8%**
EBITDA Margin (%)	19.2%	19.2%	0pp	19.2%	0pp	16.1%	19.1%	3pp
Mobile	43.5	42.5	-2.4%	45.1	-5.9%	105.7	131.4	24.3%
Wireline	4.5	1.7	-60.9%	1.0	68.9%	8.5	3.4	-59.7%
Online & Media	-1.2	-0.6	50.1%	-0.8	19.3%	-2.8	-2.3	17.2%
SSI	1.6	1.9	14.6%	1.9	-1.3%	5.3	5.8	8.9%
Other & Eliminations	-0.2	-0.4	-1.5	-1.2	63.8%	0.2	-1.7	-
Depreciation & Amortization	40.4	39.8	-1.7%	39.7	0.3%	118.3	118.8	0.5%
EBIT	**7.8**	**5.3**	**-32.3%**	**6.5**	**-18.5%**	**-1.4**	**17.7**	**-**
Net Financial Results	**-4.5**	**-3.6**	**19.9%**	**-3.4**	**-5.7%**	**-12.4**	**-10.9**	**11.8%**
Financial Income	1.0	1.2	25.0%	1.4	-10.8%	2.6	4.3	67.1%
Financial Expenses	5.5	4.8	-11.8%	4.8	0.9%	15.0	15.2	1.9%
EBT	**3.3**	**1.7**	**-49.2%**	**3.1**	**-45.2%**	**-13.7**	**6.8**	**-**
Tax results	0.9	-0.3	-	-1.8	85.2%	5.8	-3.8	-
Net Results	**4.2**	**1.4**	**-66.3%**	**1.2**	**14.1%**	**-7.9**	**3.0**	**-**
Group Share	4.1	1.3	-67.7%	1.2	13.2%	-8.1	2.8	-
Attributable to Minority Interests	0.1	0.1	43.3%	0.1	33.1%	0.2	0.2	15.1%

(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 716.6 million euros in 9M09, 1.4% below 9M08, as a result of the combination between lower service revenues (-7.0%), driven mainly by the 17.2% reduction in operator revenues and by lower wireline customer revenues, which were not totally off-set by a significantly higher product and equipment sales (which increased 48.3% when compared to 9M08) and higher mobile customer revenues.

Consolidated service revenues decreased by 7.0% to 608.5 million euros, mainly as a result of lower contributions from our Telco business. The breakdown of this consolidated performance was as follows:

a) 15.8% 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;
b) 3.5% decrease in service revenues at our Mobile Business, fully driven by the impact, in operator revenues, of lower roaming tariffs and of the MTR programme. Mobile customer revenues actually increased 2.2% y.o.y, in 9M09, despite the increased competitiveness in certain segments of the market, that led to a decrease in the average revenue per minute;

c) 4.7% higher service revenues at SSI, driven by the positive performance of WeDo and, particularly, of Saphety and Bizdirect. The latter subsidiary has more than doubled its service revenues;
d) 1.3% reduction in service revenues at the Online & Media division, as a result of lower advertising sales at Público, determined by the prevailing negative conditions in the general advertising market.

Consolidated customer revenues were down by 4.0% when compared to 9M08, mainly driven by 21.4% lower customer revenues at our Wireline business, not fully compensated by the positive performance of Mobile customer revenues (+2.2%) and 4.7% higher 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 3Q09, y.o.y by 3.0% and by 2.0% against the 2Q09. This growth was possible notwithstanding the significant reductions in average revenue per minute and in the Monthly bill.

Operating costs
Total operating costs reached 566.8 million, 5.7% below the comparable period in 2008, representing 79.1% of 9M09 turnover. In 3Q09, total operating costs were again 0.5% lower than in 2Q09, which represents the third consecutive quarterly reduction. 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 9M09 were the following:
a) **personnel costs** were up by 4.0% against 9M08, reaching 73.4 million euros in 9M09, partly driven by the 1.5% increase in total headcount;
b) **direct servicing costs** decreased by 17.7%, when compared to 9M08, driven mainly by a 22.4% 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 7.3%, to 183.2 million euros in 9M09, 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;
d) **other operating costs** decreased 5.2% against 9M08, mainly as a consequence of reductions in both general & administrative costs (down 5.9% y.o.y.) and in outsourcing costs (1.7% lower than in 9M08).

Provisions and impairment losses increased y.o.y. in 9M09 by approximately 1.6 million euros as a result of higher provisions for bad debt (driven by growth in the post-paid customer base and 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 Telco 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 16.8% to 136.5 million euros in 9M09 generating a margin of 19.1%, compared to a margin of 16.1% in 9M08. The breakdown of EBITDA performance by business was as follows:
a) EBITDA at our Mobile Business was of 131.4 million euros, up by 24.3% when compared to 9M08, 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 29.0%, significantly above 9M08;

b) The Wireline Business generated an EBITDA of 3.4 million euros (5.1 million euros below 9M08), 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, performance at both the Wholesale and at the Corporate & SME segments continues to evolve positively;
c) EBITDA at SSI increased by 8.9% when compared to 9M08, to 5.8 million euros in 9M09, mainly as a result of a substantially improved EBITDA performance at Bizdirect, which has increased its EBITDA by 0.7 million euros y.o.y, and at Saphety (+0.3 million euros). On a comparable basis, i.e. excluding the 1.4 million euros one-off gain registered in 9M08 related to the acquisition of Tecnológica, SSI's EBITDA would have grown by 49% y.o.y., mainly driven by WeDo;
d) Online & Media's EBITDA in 1H09 was negative by 2.3 million euros, up by 17.2% against 9M08 and registering a 19.3% improvement between the second and the third quarter of 2009, as a result of the continuing implementation of cost optimization measures.

Net Profit

Net results group share were positive by 2.8 million euros in 9M09, compared to a negative 8.1 million euros result in 9M08, mainly due to the much improved EBITDA performance and to the 11.8% reduction in net financial results, despite the impact of the securitisation transaction.

Depreciation and amortization charges increased by approximately 0.5% when compared to last year, reaching 118.8 million euros in 9M09, driven by the increased asset base resulting from investments made during 2008 in expanding our mobile and fibre access networks. In terms of quarterly evolution, depreciation and amortization charges again remained stable between the second and the third quarter of 2009.

When compared to 9M08, net financial charges decreased by 11.8%, to 10.9 million euros in 9M09, reflecting:

a) higher financial expenses, up by 0.2 million euros, due to (i) financial costs related to the receivables securitisation; and (ii) the higher average gross debt in 9M09. These factors have been almost fully off-set by the decrease in the average cost of debt (from 5.1% in 9M08 to 2.6% in 9M09), as a reflection of movements in market rates. Excluding the impacts of the securitisation, financial expenses would have been lower than in the comparable period of 2008; and
b) a 1.7 million increase in financial income, driven by the higher level of average liquidity in 9M09 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 9M09 showed a cost of 3.8 million euros, compared to a benefit of 5.8 million euros in 9M08, driven by the much improved EBT performance (from a negative 13.7 million to a positive 6.8 million euros).

4.2. Consolidated Balance Sheet

Million euros

CONSOLIDATED BALANCE SHEET	3Q08	3Q09	Δ 09/08	2Q09	q.o.q
Total Net Assets	**1,808.3**	**1,965.5**	**8.7%**	**1,957.2**	**0.4%**
Non Current Assets	1,453.1	1,491.1	2.6%	1,481.6	0.6%
Tangible and Intangible Assets	816.8	842.2	3.1%	832.0	1.2%
Goodwill	525.9	526.0	0.0%	525.9	0.0%
Investments	2.0	1.2	-38.5%	1.2	0.0%
Deferred Tax Assets	108.5	121.7	12.2%	122.5	-0.6%
Current Assets	355.2	474.4	33.6%	475.6	-0.3%
Trade Debtors	188.7	160.9	-14.8%	162.2	-0.8%
Liquidity	3.6	109.9	-	121.4	-9.4%
Others	162.9	203.6	25.0%	192.1	6.0%
Shareholders' Funds	**920.7**	**932.9**	**1.3%**	**930.8**	**0.2%**
Group Share	919.7	932.5	1.4%	930.5	0.2%
Minority Interests	1.1	0.4	-60.3%	0.3	22.4%
Total Liabilities	**887.5**	**1,032.6**	**16.3%**	**1,026.4**	**0.6%**
Non Current Liabilities	484.6	457.5	-5.6%	583.1	-21.5%
Bank Loans	362.3	299.7	-17.3%	411.6	-27.2%
Provisions for Other Liabilities and Charges	33.6	32.7	-2.6%	32.3	1.5%
Others	88.7	125.1	41.0%	139.3	-10.2%
Current Liabilities	402.9	575.1	42.7%	443.4	29.7%
Bank Loans	5.0	89.1	-	8.4	-
Trade Creditors	177.3	185.4	4.5%	190.4	-2.6%
Others	220.6	300.6	36.2%	244.5	22.9%
Operating CAPEX(1)	46.7	35.5	-24.0%	30.9	14.8%
Operating CAPEX as % of Turnover	18.6%	15.1%	-3,5pp	12.8%	2,3pp
Total CAPEX	49.4	50.2	1.5%	31.1	61.5%
EBITDA - Operating CAPEX	1.5	9.6	-	15.2	-37.1%
Operating Cash Flow(2)	-4.4	29.3	-	38.9	-24.8%
FCF(3)	-13.4	20.9	-	28.2	-26.1%
Gross Debt	386.4	412.2	6.7%	442.7	-6.9%
Net Debt	382.9	302.2	-21.1%	321.3	-5.9%
Net Debt/ EBITDA last 12 months	2.4 x	1.7 x	-0,7x	1.8 x	-0,1x
EBITDA/Interest Expenses(4) (last 12 months)	8.5 x	8.9 x	0,4x	8.8 x	0,1x
Debt/Total Funds (Debt + Shareholders' Funds)	29.6%	30.6%	1,1pp	32.2%	-1,6pp
Excluding the Securitisation Transaction:					
Net Debt	382.9	386.5	1.0%	409.9	-5.7%
Net Debt/ EBITDA last 12 months	2.4 x	2.1 x	-0,3x	2.2 x	-0,1x
EBITDA/Interest Expenses(4) (last 12 months)	8.5 x	8.9 x	0,4x	8.8 x	0,1x

(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.

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 9M09 was 103.3 million euros while Operating CAPEX reached 87.8 million euros, 23.3% below 9M08, and representing 12.2% of turnover. The level of CAPEX in 2009 is in accordance with the investment plan announced last year, aimed at improving the coverage and capacity of our mobile access network.

It should be noted that the 3Q09 CAPEX figures includes an amount of approximately 14.3 million euros related to the reassessment of the net present value of the obligations assumed under the “e-Initiatives” programme, the governmental initiative which offers laptops and discounts in broadband access to school teachers and students. As disclosed last year, under the terms of the UMTS license granted in 2000, Optimus made certain commitments in relation to the development of the information society in Portugal, during the period of that license (until 2015). In accordance with a contract signed in June 2007 with the

Portuguese State, it was agreed that an amount of 159 million euros would be realised through projects eligible as contributions to the information society and incurred under the normal course of business. This obligation has already been completely fulfilled. It was further agreed that the second component of the commitments (116 million euros) would be accomplished through the “e-Initiatives” programme. Until 3Q09, we have completed an amount of 43.1 million euros in relation to this second component.

Capital structure

Consolidated gross debt totalled 412.2 million euros, 25.8 million euros above the level registered at the end of 9M08 and mainly comprised:

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

In addition to the above mentioned credit facilities, Sonaecom also has available a 70 million euros underwritten committed Commercial Paper Programme contracted in 2005 and committed for a rolling period of 364 days. This credit facility was fully undrawn as at the end of 3Q09.

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 of the full benefits arising from lower market rates.

Consolidated net debt at the end of 9M09 stood at 302.2 million euros, a 21.1% reduction when compared to 9M08, 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 1.7x in 9M09, 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 8.5x in 9M08 to 8.9x at the end of 9M09, as a consequence of the improved EBITDA performance and an approximately stable level of financial expenses. The ratio of Consolidated Debt to Total Funds deteriorated slightly, having reached 30.6% in 9M09 (against 29.6% in 9M08), reflecting the above mentioned movements in gross debt and the 1.3% increase in Shareholder’s Funds. The latter resulted mainly from the positive net income generated in the period, which has more than compensated the net effect of the acquisition of own shares, which amounted to approximately 1 million euros between the end of 3Q08 and 3Q09, 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 9M09 stood at 386.5 million euros, 1.0% (or 3.6 million euros) above the level registered at the end of 9M08, reflecting primarily the underlying negative FCF generated between the two dates. Additionally, in relation to the securitisation transaction, it should be noted that during 9M09, a principal amount of 15 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 9M09, the sum of cash and non-utilized committed credit lines at the Sonaecom Group stood at approximately 210 million euros and the weighted average maturity of our credit lines was of approximately 2.2 years. As indicated above no amortizations of bank loans are scheduled until mid-2010.

Shareholders' Funds

At the end of 9M09, shareholders' funds totalled 932.9 million euros, compared to 920.7 million euros at the end of 9M08, reflecting mainly the net profits generated in the period, which has more than off-set the net impact of the acquisition of own shares between the two dates, associated with our employee MTIP obligations.

FCF

Million euros

LEVERED FREE CASH FLOW	3Q08	3Q09	Δ 09/08	2Q09	q.o.q	9M08	9M09	Δ 09/08
EBITDA-Operating CAPEX	**1.5**	**9.6**	**-**	**15.2**	**-37.1%**	**2.5**	**48.8**	**-**
Change in WC	-8.0	18.8	-	24.9	-24.6%	-60.8	-23.4	61.5%
Non Cash Items & Other	2.0	1.0	-53.2%	-1.2	-	4.7	7.5	59.2%
Operating Cash Flow	**-4.4**	**29.3**	**-**	**38.9**	**-24.8%**	**-53.6**	**32.9**	**-**
Financial Investments	0.0	0.0	-	0.0	-	-0.2	0.0	100.0%
Securitisation Transaction	0.0	-5.0	-	-5.0	0.0%	0.0	-15.0	-
Own shares	-4.7	0.0	100.0%	-0.7	100.0%	-6.1	-2.0	67.3%
Public Tender Offer	0.0	0.0	-	0.0	-	-0.1	0.0	100.0%
Financial results	-4.3	-3.4	20.8%	-5.0	31.4%	-11.3	-12.6	-11.9%
Income taxes	0.0	0.0	-	0.0	-	0.0	0.0	-
FCF	**-13.4**	**20.9**	**-**	**28.2**	**-26.1%**	**-71.2**	**3.2**	**-**

Consolidated FCF in 9M09 was positive 3.2 million euros, compared to a negative 71.2 million euros in 9M08. This very positive evolution, in line with the announced increased focus on cash generation during the current year, clearly highlights the flexibility that the organization has in terms of managing its cash flow. FCF in 9M09 comprised the following main elements:

- A positive EBITDA minus Operating CAPEX of 48.8 million euros, 46.3 million euros above the level registered in 9M08;
- A Working Capital deterioration of 23.4 million euros, reflecting mainly a lower level of amounts payable to fixed asset suppliers, a normal evolution during the first part of the year as a result of the payments due in respect of the higher CAPEX level registered in the last quarter of the previous year;
  It should be noted that working capital in 9M09 included an extraordinary amount, of approximately 11.8 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. A partial payment was made during 3Q09, enabling a reduction of the amount outstanding, when compared to the previous quarter;
- Outflows in the amount of 15 million euros related to receivables allocated to the securitisation transaction;
- Payments related to the acquisition of own shares during 9M09, in the amount of 2 million euros; and
- Financial outflows of 12.6 million euros, approximately 1.3 million euros above the level registered in 9M08, mainly driven by net financial expenses associated with the securitisation transaction.

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 in the beginning of the current year and the investments made in supporting the brand, in the coverage and capacity of our network 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	3Q08	3Q09	Δ 09/08	2Q09	q.o.q	9M08	9M09	Δ 09/08
Customers (EOP) ('000)	3,058.3	3,326.9	8.8%	3,268.7	1.8%	3,058.3	3,326.9	8.8%
Net Additions ('000)	76.2	58.2	-23.7%	48.9	18.9%	164.8	135.3	-17.9%
Data as % Service Revenues	22.7%	28.1%	5,4pp	27.8%	0,3pp	21.5%	27.8%	6,2pp
Total #SMS/month/user	54.5	49.1	-10.0%	48.5	1.1%	51.5	48.0	-6.7%
MOU[1] (min.)	134.8	133.8	-0.8%	131.3	1.9%	127.4	130.9	2.8%
ARPU[2] (euros)	17.4	15.2	-12.4%	14.9	2.1%	17.1	15.0	-11.9%
Customer Monthly Bill	13.1	12.2	-6.8%	12.1	0.8%	13.1	12.1	-7.5%
Interconnection	4.3	3.1	-29.2%	2.8	7.8%	4.0	2.9	-26.5%
ARPM[3] (euros)	0.13	0.11	-11.7%	0.11	0.2%	0.13	0.11	-14.3%

(1) Minutes of Use per Customer per month; (2) Average Monthly Revenue per User; (3) Average Revenue per Minute.

Customer base

Mobile customer base increased by 8.8% to more than 3.3 million customers at the end of 9M09, compared to less than 3.1 million at the end of 9M08, with net additions reaching circa 58 thousand in the 3Q09, approximately 19% 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 3Q09 approximately 31% of the total mobile base, an increase of 1.3 pp against the end of 9M08.

During 9M09, Mobile customer's ARPU was 15.0 euros, down by approximately 2.1 euros against the comparable period of 2008, due to a combination between lower interconnection revenues and the lower ARPM. ARPU increased by 2.1% between the second and the third quarter of 2009, mainly as a result of higher operator revenues (driven by roaming revenues, a normal outcome in the third quarter).

Of the 9M09 ARPU, 12.1 euros were related to customer monthly bill and 2.9 euros to operator revenues, compared to 13.1 euros and 4.0 euros respectively, in 9M08. It is important to note that the 14.3% decrease in ARPM was partially compensated by a 2.8% increase in MOU, leading to a 7.5% decrease in the Monthly Bill.

Commercial initiatives

At the end of 3Q09, Optimus launched "LifeShare", an innovative content and social aggregator, becoming the first operator to offer, on any mobile phone, the possibility of accessing alert services, upload photos and update status on any one of the 3 main global online social networks. This service is available at no extra cost in the Optimus Zone portal.

Also in 3Q09, our mobile business has launched “Optimus Kids” in the market, a new concept developed with security and child protection in mind. With a simple tariff and no mandatory recharges, this service offers access to a host of services, including location tracking, call blocking, SOS calls and monitoring functionalities. In addition to these services, Optimus has also created the “Zone Kids” portal, in order to allow children to browse the internet safely.

Data Services and Mobile Broadband

We have been able to sustain a material growth of data usage, namely through the promotion of our mobile broadband product “Kanguru”, based on HSPA technologies. 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 speeds of 5.7 Mbps, the new Kanguru Xpress offer and the new Optimus Kanguru Pen were made available at the end of 1H09.

Since its launch in 2007, the governmental programme (“e-Initiatives”), aimed at the development of the ‘Information Society’ in Portugal, in which Optimus participates as part of the agreements reached with the Government to fulfil the obligations under the UMTS licenses, has contributed to maintaining mobile broadband market growth at a high pace in Portugal.

During the 3Q09, after leading the most important innovations in the category, Optimus Kanguru has once again surprised the market with the launch of the first wireless broadband tariff with unlimited traffic available 24 hours a day. Moreover, on September 2009, Optimus Kanguru introduced another innovative functionally in the wireless internet market: a wi-fi router which allows simultaneous broadband access by different PCs, with the use of a single equipment and an Optimus Kanguru card.

Data revenues represented 27.8% of service revenues in 9M09, an improvement of 6.2 pp vs. 9M08, 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 9M09, compared to only 63% in 9M08. Importantly, the revenues from non-SMS data services continue to post significant increases, having grown y.o.y. in 9M09 by more than 42%.

5.1.2. Financial data

Million euros

MOBILE INCOME STATEMENT	3Q08	3Q09	∆ 09/08	2Q09	q.o.q	9M08	9M09	∆ 09/08
Turnover	**165.5**	**154.5**	**-6.7%**	**152.0**	**1.6%**	**468.6**	**453.3**	**-3.3%**
Service Revenues	153.2	146.3	-4.5%	140.5	4.2%	441.4	426.0	-3.5%
Customer Revenues	114.0	117.5	3.0%	115.1	2.0%	337.8	345.4	2.2%
Operator Revenues	39.2	28.8	-26.4%	25.3	13.8%	103.6	80.6	-22.2%
Equipment Sales	12.4	8.2	-33.6%	11.6	-29.0%	27.2	27.3	0.4%
Other Revenues	**12.2**	**7.7**	**-36.5%**	**8.7**	**-11.2%**	**34.8**	**25.2**	**-27.7%**
Operating Costs	**130.7**	**118.2**	**-9.6%**	**110.7**	**6.8%**	**389.3**	**337.1**	**-13.4%**
Personnel Costs	11.2	13.2	18.6%	12.7	4.1%	37.2	39.9	7.3%
Direct Servicing Costs(1)	47.3	41.6	-12.1%	40.0	3.9%	148.4	124.6	-16.1%
Commercial Costs(2)	42.9	36.7	-14.4%	31.3	17.4%	116.6	92.5	-20.6%
Other Operating Costs(3)	29.4	26.7	-9.4%	26.7	0.0%	87.0	80.1	-8.0%
EBITDAP	**47.0**	**44.1**	**-6.1%**	**50.1**	**-11.9%**	**114.2**	**141.4**	**23.8%**
Provisions and Impairment Losses	3.4	1.6	-52.6%	4.9	-67.0%	8.5	10.0	17.7%
EBITDA	**43.5**	**42.5**	**-2.4%**	**45.1**	**-5.9%**	**105.7**	**131.4**	**24.3%**
EBITDA Margin (%)	26.3%	27.5%	1,2pp	29.7%	-2,2pp	22.5%	29.0%	6,4pp
Operating CAPEX(4)	35.9	23.2	-35.3%	18.0	29.4%	86.8	54.1	-37.7%
Operating CAPEX as % of Turnover	21.7%	15.0%	-6,6pp	11.8%	3,2pp	18.5%	11.9%	-6,6pp
EBITDA - Operating CAPEX	7.6	19.2	152.0%	27.2	-29.2%	18.8	77.2	-
Total CAPEX	38.6	37.9	-1.7%	18.1	109.4%	184.9	69.7	-62.3%

(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 continue to prevail in the first nine months of 2009, 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 are also contributing to lowering the value for the segment as a whole. In this market environment, we have focused on improving our customer service and customer experience, 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.

When analysing our wireline business, it should be noted that residential access represents approximately one third of our wireline revenues and that we continue to leverage our network to provide, under the Optimus brand, convergent services to the corporate and SME markets, a segment where our strategic positioning as an integrated, global player has been particularly appealing to customers.

5.2.1. Operational data

WIRELINE OPERATIONAL KPI's	3Q08	3Q09	Δ 09/08	2Q09	q.o.q	9M08	9M09	Δ 09/08
Total Acesses	**644,457**	**513,822**	**-20.3%**	**528,467**	**-2.8%**	**644,457**	**513,822**	**-20.3%**
Direct Accesses	**476,106**	**426,431**	**-10.4%**	**432,886**	**-1.5%**	**476,106**	**426,431**	**-10.4%**
Direct Voice	258,820	227,328	-12.2%	232,258	-2.1%	258,820	227,328	-12.2%
Direct Broadband	197,998	162,893	-17.7%	171,256	-4.9%	197,998	162,893	-17.7%
Other Direct Services	19,288	36,210	87.7%	29,372	23.3%	19,288	36,210	87.7%
Indirect Accesses	**168,351**	**87,391**	**-48.1%**	**95,581**	**-8.6%**	**168,351**	**87,391**	**-48.1%**
Unbundled COs with transmission	174	195	12.1%	192	1.6%	174	195	12.1%
Unbundled COs with ADSL2+	166	177	6.6%	175	1.1%	166	177	6.6%
Direct access as % Cust. Revenues	72.6%	75.9%	3,3pp	77.4%	-1,5pp	69.7%	77.0%	7,3pp
Average Revenue per Access - Retail(1)	21.6	22.5	4.4%	22.3	1.2%	21.5	22.6	4.8%

(1) Excluding Mass Calling services' revenues; 3Q08 and 9M08 figures were calculated based on the restated number of acesses.

Customer base

At the end of 9M09, total accesses reached 513.8 thousand, a decrease of 20.3% compared to the end of 9M08, explained by a 10.4% decrease in direct accesses and, mainly, by a 48.1% reduction in indirect accesses, as a reflection of the expected churn of indirect voice customers. The number of direct accesses represented approximately 83% of the Wireline Business total accesses at the end of the period, compared to 73.9% at the end of 9M08.

Although at a slower pace than in previous quarters, quarterly direct access net additions were again negative in 3Q09, by circa 6.5 thousand accesses, as a result of the market trends evidenced since the second part of 2008: (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 4.8% against 9M08, 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.

Commercial initiatives

During 9M09 we have continued to reinforce our IPTV offer by adding new contents, including several new broadcast channels (including Star Gold, Star Plus, Disney Cinemagic HD, CNN, Cartoon Network, and Arte HD, 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 with digital quality.

Importantly, Clix again demonstrated during 3Q09 its innovative spirit and leading role in the introduction of new services and functionalities in the TV market, always aiming to improve the customer experience: a new EPG (Electronic Program Guide) was introduced, with enlarged information available; a “karaoke” service, with more than 400 songs was launched and; for the first time, Wikipedia contents were made available on TV with the launch of our “Clixopedia” service.

During the 3Q09, Clix celebrated the anniversary of the connection of its first fibre customer, under its pioneer offer in Portugal. As indicated before, the feedback we are receiving from connected customers is extremely positive, in terms of both their broadband and TV experience. This is evidenced by recent customer surveys that indicate that nine out of ten existing customers would recommend our FTTH service and more than 80% consider the level of the service excellent or very good.

Fibre access network

We have continued the implementation of FTTH in certain areas of Porto and Lisbon, in accordance with the stated objective of reaching circa 200 thousand homes passed by the end of the current year. With this deployment Sonaecom is, for the first time, completely in control of the end-to-end quality of service provided to the customer. The take-up of FTTH services in the zones passed is in line with our expectation for this stage of the project. Importantly, more than 80% of our fibre customer have subscribed to triple play packages. 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.

Importantly, with the aim of further improving customer experience and answering the needs of certain market segments, we have introduced an “RF Overlay” functionality in our services, which enables the access to TV services without the need of a set top box installation.

In accordance with our strategy to pursue a “capital light” deployment, we have completed during 3Q09 an agreement with DST Telecom (part of a national construction group) to commercially explore the current and future zones passed by that company’s fibre project. In parallel, we have agreed to partner with DST in the current public tender process for the deployment of NGNs in the Alentejo, Algarve, North and Centre regions, providing our retail services under the bid presented by that company.

5.2.2. Financial data

Million euros

WIRELINE INCOME STATEMENT	3Q08	3Q09	∆ 09/08	2Q09	q.o.q	9M08	9M09	∆ 09/08
Turnover	**72.6**	**62.2**	**-14.3%**	**60.0**	**3.6%**	**220.1**	**186.5**	**-15.3%**
Service Revenues	72.3	61.8	-14.5%	59.2	4.3%	219.5	184.9	-15.8%
Customer Revenues	40.3	33.4	-17.2%	34.3	-2.8%	133.7	105.0	-21.4%
Direct Access Revenues	29.3	25.3	-13.4%	26.6	-4.7%	93.2	80.9	-13.2%
Indirect Access Revenues	10.3	7.0	-32.2%	7.0	-0.7%	37.7	21.3	-43.4%
Other	0.8	1.1	41.6%	0.7	44.3%	2.8	2.8	0.8%
Operator Revenues	32.0	28.4	-11.2%	24.9	14.3%	85.9	79.9	-7.0%
Equipment Sales	0.3	0.4	54.7%	0.8	-49.9%	0.6	1.6	151.3%
Other Revenues	**0.4**	**0.1**	**-81.7%**	**0.5**	**-83.5%**	**0.8**	**0.5**	**-36.6%**
Operating Costs	**65.2**	**59.5**	**-8.8%**	**57.4**	**3.5%**	**206.6**	**178.1**	**-13.8%**
Personnel Costs	2.1	0.9	-57.4%	1.2	-26.2%	7.1	3.6	-49.4%
Direct Servicing Costs(1)	46.8	40.8	-12.9%	36.5	11.7%	145.2	117.8	-18.9%
Commercial Costs(2)	4.5	5.1	13.9%	6.7	-23.8%	13.6	17.5	28.5%
Other Operating Costs(3)	11.8	12.7	7.4%	13.0	-2.6%	40.6	39.2	-3.5%
EBITDAP	**7.8**	**2.8**	**-63.8%**	**3.1**	**-8.8%**	**14.4**	**8.9**	**-38.0%**
Provisions and Impairment Losses	3.3	1.1	-67.7%	2.1	-47.9%	**5.9**	**5.5**	**-6.9%**
EBITDA	**4.5**	**1.7**	**-60.9%**	**1.0**	**68.9%**	**8.5**	**3.4**	**-59.7%**
EBITDA Margin (%)	6.2%	2.8%	-3,4pp	1.7%	1,1pp	3.9%	1.8%	-2pp
Operating CAPEX(4)	10.1	11.7	15.9%	12.0	-2.3%	26.4	31.4	18.9%
Operating CAPEX as % of Turnover	13.9%	18.8%	4,9pp	19.9%	-1,1pp	12.0%	16.8%	4,8pp
EBITDA - Operating CAPEX	-5.6	-9.9	-77.4%	-10.9	9.0%	-17.9	-28.0	-56.1%
Total CAPEX	10.1	11.7	15.9%	12.0	-2.3%	27.3	31.4	15.1%

(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).

6.1. Operational data

SSI OPERATIONAL KPI's	3Q08	3Q09	Δ 09/08	2Q09	q.o.q	9M08	9M09	Δ 09/08
IT Service Revenues/Employee[1] ('000 euros)	30.0	30.9	2.9%	34.5	-10.3%	88.0	93.6	6.4%
Equipment Sales as % Turnover	49.8%	53.2%	3,4pp	62.5%	-9,3pp	47.6%	59.4%	11,7pp
Equipment Sales/Employee[2] ('000 euros)	1,125.5	865.1	-23.1%	1,467.1	-41.0%	3,083.8	3,706.9	20.2%
EBITDA/Employee ('000 euros)	3.4	3.6	4.1%	3.6	-1.9%	8.3	11.1	34.3%
Employees	471	511	8.5%	507	0.8%	471	511	8.5%

(1) Excluding employees dedicated to Equipment Sales; (2) Bizdirect; (3) 9M08 EBITDA excluding the EUR 1.4m gain registered in the period, in relation to Tecnológica's purchase process.

IT service revenues per employee reached 93.6 thousand euros in 9M09, 6.4% above the comparable period of 2008, while equipment sales per employee have increased y.o.y by more than 20%. Both indicators clearly demonstrate the continuous efficiency gains achieved by SSI companies. Total headcount at the end of 3Q09 increased to 511, a 8.5% 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.

Commercial initiatives

During 3Q09, **WeDo**'s leading revenue assurance solution was selected by Vodafone Hungary, to automate and manage the use of end-to-end processes throughout the business. With this tool, customers are able to monitor any loss in revenues throughout the entire revenue flow.

In line with the objective of expanding the product portfolio, WeDo launched a Dispute Management Solution which will allow customers to streamline the detection and recovery of revenue losses associated with collections and outstanding invoices.

It is also worth highlighting the fact that, during 3Q09, Mainroad was selected by the state radio and television operator in Portugal (RTP), for the provision of security and communications' auditing services, another important contract for the company. Mainroad also continued to enlarge its presence in the Spanish market, having recently opened a local office to explore the large opportunities available in that market. It is also worth highlighting the fact that Mainroad recently received an Iberian "Partner of the Year" award from Computer Associates.

In July 2009, **Saphety** and the University of Évora established a partnership with the aim of setting up an Interoperability laboratory (which will be known as "LabInterop"). The key objective will be to develop a centre of advanced knowledge in the area of interoperability and information systems integration, knowledge to be used in the provision of services and the carrying out of work and projects by companies and the Government.

In September 2009, **Bizdirect** was the only Portuguese company to be awarded the “Market Growth Achievement Award” at the European edition of the awards attributed by IBM. The retail store solutions division of IBM Europe distinguished Bizdirect for its contribution to the development of storage solutions tailored to retailers in Portugal, with particular focus placed on the success of Bizdirect’s POS retail project.

6.2. Financial data

Million euros

SSI CONSOLIDATED INCOME STATEMENT	3Q08	3Q09	Δ 09/08	2Q09	q.o.q	9M08	9M09	Δ 09/08
Turnover	**31.18**	**33.45**	**7.3%**	**42.21**	**-20.8%**	**85.65**	**115.58**	**34.9%**
Service Revenues	15.66	15.65	-0.1%	15.84	-1.2%	44.85	46.98	4.7%
Equipment Sales	15.52	17.79	14.7%	26.37	-32.5%	40.81	68.60	68.1%
Other Revenues	**0.07**	**0.19**	**148.5%**	**0.07**	**154.3%**	**1.69**	**0.50**	**-70.2%**
Operating Costs	**29.62**	**31.74**	**7.1%**	**40.43**	**-21.5%**	**81.99**	**110.28**	**34.5%**
Personnel Costs	6.72	7.21	7.2%	7.09	1.6%	20.37	21.32	4.7%
Commercial Costs[1]	15.35	17.63	14.8%	26.36	-33.1%	40.80	68.32	67.4%
Other Operating Costs[2]	7.55	6.90	-8.5%	6.98	-1.1%	20.82	20.64	-0.9%
EBITDAP	**1.64**	**1.90**	**15.8%**	**1.85**	**2.5%**	**5.35**	**5.81**	**8.5%**
Provisions and Impairment Losses	0.00	0.02	-	-0.05	-	0.07	0.05	-27.1%
EBITDA	**1.64**	**1.88**	**14.6%**	**1.90**	**-1.3%**	**5.29**	**5.76**	**8.9%**
EBITDA Margin (%)	5.3%	5.6%	0,4pp	4.5%	1,1pp	6.2%	5.0%	-1,2pp
Operating CAPEX[3]	0.67	0.36	-46.0%	0.99	-63.4%	1.08	1.80	66.9%
Operating CAPEX as % of Turnover	2.1%	1.1%	-1,1pp	2.3%	-1,3pp	1.3%	1.6%	0,3pp
EBITDA - Operating CAPEX	0.97	1.52	56.3%	0.92	65.5%	4.21	3.95	-6.0%
Total CAPEX	0.70	0.36	-48.5%	0.99	-63.4%	-1.31	1.80	-

(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 34.9% in 9M09 to more than 115 million euros, as a result of both higher IT equipment sales, which have grown by circa 68.1%, to 68.6 million euros, and higher service revenues, up by 4.7%, driven by the 20.8% increase in service revenues at Saphety and, mainly, by the more than 113% growth at Bizdirect. It should, nevertheless, be noted that WeDo continues to account for the majority (circa 66% in the 9M09) of SSI’s service revenues.

During 9M09, equipment sales represented approximately 60% of turnover, an increase of circa 12 pp over the level registered in the same period of 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 5.8 million euros in 9M09, up by 8.9% against last year, with EBITDA margin decreasing by 1.2 pp to 5.0% due to (i) the one-off impact related to the recognition of a 1.4 million euros gain of in 9M08, 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 9M09, by 48.8% and 0.5 pp, respectively.

In relation to EBITDA margin, WeDo achieved a positive 9.3% in 9M09; a significant increase from the 6.4% margin registered in 9M08, again, on a comparable basis (excluding the gain related to the final closure of Tecnológica’s purchase process). This growth was driven by a sustained 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. It is also worth noting the 15.7% EBITDA margin obtained by Saphety in the first nine months of 2009, substantially above the performance achieved in the previous year.

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 Miau.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.

7.1. Operational data

PÚBLICO OPERATIONAL KPI's	3Q08	3Q09	Δ 09/08	2Q09	q.o.q	9M08	9M09	Δ 09/08
Average Paid Circulation(1)	41,622	36,237	-12.9%	38,544	-6.0%	41,374	38,311	-7.4%
Market Share of Advertising (%)	11.3%	11.0%	-0,3pp	12.3%	-1,3pp	12.3%	11.8%	-0,5pp
Audience(2) (%)	n.a	n.a	-	4.2%	-	4.3%	4.4%	0,1pp
Employees	263	245	-6.8%	248	-1.2%	263	245	-6.8%

(1) Estimated value updated in the following quarter; (2) As % of adressable population; Source: Bareme Imprensa (data not gathered in the 3rd quarter).

Paid circulation figures decreased by 7.4% when compared to 9M08, with an average of 38.3 thousand newspapers sold in 9M09. 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). It is also worth noting that a new daily generalist newspaper entered the Portuguese market in April 2009. Until 2Q09, the latest available information, Público's average market share of paid circulation, among daily press, reached 11.5%, approximately 0.3 pp below the comparable period in 2008[1].

Positively, the most recent available 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 first half of the year (a 0,1 pp increase against the comparable period in 2008) and recovering the third position, in terms of audience, among the daily generalist press. Traditionally, this audience survey is not carried-out in the third quarter.

In relation to advertising, market dynamics deteriorated further in 9M09, with advertising revenues for the daily paid generalist press sector as a whole, YTD until August, decreasing by 11%[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, during the current year free newspapers' advertising revenues are estimated to have had an even more negative performance in terms of advertising revenues (a reduction of circa 12.3% y.o.y).

Público's advertising market share reached 11.8% in 9M09, approximately 0.5 pp below the level registered in 9M08. The deteriorating macro-economic environment is leading to further cuts in business spend during 2009, with negative impacts over advertising budgets.

Commercial initiatives

During 3Q09, as part of its strategy of pioneering innovation in the digital context, a new homepage of "publico.pt" was launched. This new edition is more suitable for web reading, enabling readers' comments and integration with their blogues. Additionally, it enables a more efficient search of current and past articles. Público continues to have a leading position in terms of on-line access among Portuguese newspapers, an area where it is showing a positive growth, as evidenced by the recent data released in Marktest Netscope: a record level of accesses was achieved by "publico.pt" in September 2009, reaching 28.9 million pageviews.

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[1] Source: APCT
[2] Source: Marktest/Media Monitor

Público has also enlarged its presence in the *social media,* with the creation of several Twitter and Facebook pages, an area where Público is today a clear leader among media companies.

Throughout 3Q09, 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 “Público is worth more than 1€”.

7.2. Financial data

Million euros

ONLINE & MEDIA CONS. INCOME STATEMENT	3Q08	3Q09	Δ 09/08	2Q09	q.o.q	9M08	9M09	Δ 09/08
Turnover	**7.14**	**7.31**	**2.4%**	**7.76**	**-5.8%**	**24.37**	**22.48**	**-7.7%**
Advertising Sales(1)	2.75	3.10	12.7%	3.69	-16.1%	10.06	9.93	-1.3%
Newspaper Sales	3.01	3.11	3.3%	2.89	7.6%	9.10	9.06	-0.5%
Associated Product Sales	1.37	1.10	-20.1%	1.17	-6.6%	5.21	3.49	-32.9%
Other Revenues	**0.16**	**0.05**	**-69.0%**	**0.05**	**0.1%**	**0.26**	**0.15**	**-41.5%**
Operating Costs	**8.49**	**7.90**	**-6.9%**	**8.44**	**-6.4%**	**27.27**	**24.65**	**-9.6%**
Personnel Costs	2.81	2.80	-0.1%	3.13	-10.3%	8.69	8.99	3.3%
Commercial Costs(2)	2.64	2.41	-8.9%	2.64	-8.9%	9.36	7.49	-20.0%
Other Operating Costs(3)	3.04	2.69	-11.3%	2.67	0.7%	9.21	8.18	-11.2%
EBITDAP	**-1.19**	**-0.55**	**54.2%**	**-0.64**	**14.0%**	**-2.64**	**-2.02**	**23.5%**
Provisions and Impairment Losses	0.05	0.07	49.9%	0.13	-44.6%	0.13	0.27	112.2%
EBITDA	**-1.24**	**-0.62**	**50.1%**	**-0.77**	**19.3%**	**-2.77**	**-2.29**	**17.2%**
EBITDA Margin (%)	-17.4%	-8.5%	8.9pp	-9.9%	1.4pp	-11.4%	-10.2%	1.2pp
Operating CAPEX(4)	0.11	0.24	116.5%	0.18	31.0%	0.81	0.58	-29.1%
Operating CAPEX as % of Turnover	1.6%	3.3%	1.7pp	2.4%	0.9pp	3.3%	2.6%	-0.8pp
EBITDA - Operating CAPEX	-1.36	-0.86	36.4%	-0.95	9.6%	-3.58	-2.87	19.9%
Total CAPEX	0.11	0.24	116.5%	0.18	31.0%	0.81	0.58	-29.1%

(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 9M09, the Online and Media turnover decreased by 7.7% to 22.5 million euros, as a reflection of following trends in its revenue lines: (i) an almost stable level newspaper sales at Público (-0.5% y.o.y), despite the cover price increase in 4Q08; (ii) a negative evolution in advertising sales (-1.3%), driven by the negative market trends; and (iii) a 32.9% reduction in associated product sales, partly driven by the different mix of associated products offered in the period. Importantly, in terms of quarterly evolution, positive improvements were achieved in 3Q09, when compared to the same period in 2008, at both the level of advertising revenues, which have grown by more than 12% y.o.y., and at the level of newspaper sales (3.3% above 3Q08). This positive evolution is partially explained by the changes in the perimeter of our Online and Media division.

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 9M09, our Online and Media business generated a negative EBITDA of 2.3 million euros, which nevertheless represents a 17.2% improvement over 9M08 as the negative trend at the top line level was more than compensated by savings achieved in most of its cost lines, including a 20.0% reduction in commercial costs and a 11.2% reduction in other operating costs. This performance in terms of costs was achieved notwithstanding the 3.3% increase in personnel costs, driven by the on-going restructuring process.

As indicated before, 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 3Q09

Local Loop Unbundling Reference Offer

During 3Q09, Anacom released the draft decision in relation to amendments to the Local Loop Unbundling Reference Offer (“ORALL”).The proposed changes, which had been requested by Sonaecom for a long time, address some of the key concerns raised, including:

a) Mandatory rendering of extended information, which will have a positive impact over the alternative operators’ triple play market reach, as well as over their capacity to access new unbundling points;
b) Greater visibility over changes to PT’s access network, including the introduction of a pre-notice period of 12 to 60 months for the remotisation of central offices and strict conditions for the displacement of local loops already unbundled;
c) New service levels (SLAs), which will allow for the differentiation of offers in accordance with current market demands;
d) Reinforcement of the penalties’ system, with the objective of further dissuading breach of obligations.

The draft decision foresees the maintenance of current prices for all services rendered under the ORALL.

“Digital Dividend”

Under the public consultation launched by Anacom, the possibility of assigning part of the Digital Dividend (the amount of spectrum that will be freed up in the switchover from analogue to digital terrestrial TV) to the rendering of mobile broadband services – particularly in the 790-862 MHz sub-band – was one of the topics most discussed. A consensus emerged on the need to define, in the near term, the specific conditions for the granting of these frequencies. In this respect, the regulator has highlighted the option, already adopted by several European countries, of making this sub-band available for mobile broadband.

It should also be noted that, on 10 July 2009, the European Commission has launched a public consultation on the issue of the Digital Dividend, where it proposes the adoption of certain measures aimed at harmonising this sub-band, allowing for these frequencies to be made readily available across the several member states.

Amendments to the GSM Directive/ 900MHz *Refarming*

During 3Q09, the European Council of Ministries has approved certain amendments to the GSM Directive. This Directive had been pointed as an obstacle to the rendering of UMTS services in the 900 MHz band as it foresaw the exclusive use of this frequency for the purpose of GSM services.

The approved changes foresee the possibility of immediate use of UMTS systems in the 900 MHz band, as well as the possible use of other systems in this band, on the condition that the possibility of their co-existence with GSM and UMTS is demonstrated.

The revised Directive is expected to become effective during 4Q09 and is supposed to be transposed into the national legislation within a maximum period of 6 months.

9. Subsequent Events

On 20 October 2009, Sonaecom received a notice from EDP – Energias de Portugal, S.A., informing that, in line with its previously disclosed strategy, (i) OPTEP, SGPS, S.A., a company fully owned by EDP had sold, as of that date, 26,979,748 shares representing 7.4% of the share capital and voting rights of Sonaecom, SGPS, S.A. and (ii) as a consequence thereof, EDP no longer held any shares in the share capital of Sonaecom.

On 23 October 2009, Sonaecom received a notice from Pensõesgere – Sociedade Gestora de Fundos de Pensões S.A., informing that it was the owner of 12,400,000 shares, representing 3.386% of the share capital of Sonaecom. On that same day, Sonaecom also received a notice from Banco Comercial Português S.A. (BCP), in which, as required by Article 16 of the Portuguese Securities Code, it stated that the 12,400,000 shares mentioned above were attributable to BCP. It further informed a total of 12,500,998 shares, corresponding to 3.413% of the total share capital and voting rights of Sonaecom, were attributable to BCP as of that date.

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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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Report available in Sonaecom's institutional website
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