



FIRST QUARTER 2008

RESULTS ANNOUNCEMENT

5 May 2008

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Notes:

(i) 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. Message from Ângelo Paupério, CEO of Sonaecom

This quarter was a very active one for Sonaecom during which we implemented a number of important initiatives, in particular the Optimus rebranding, the fibre deployment announcement, our announced reorganisation and several commercial initiatives including the preparation for the launch of “TAG”, our innovative mobile offer aimed at the youth market. Notwithstanding the challenging competitive environment, our operating and financial results were also positive and broadly in line with our expectations with significant growth in customers and customer revenues, higher costs but generating an EBITDA result equal to that of last year in absolute terms.

The first quarter has highlighted the significant competitive pressures that the Portuguese telecoms market is under, with all of the main operators already active in, or planning to enter, all key segments of the market. The quarter saw new and aggressive offers and promotions across fixed voice, wireline broadband, mobile broadband and TV services including the announcement of the launch of a third satellite TV platform. These developments have gone some way to accelerate the move towards integration and convergence, a trend that Sonaecom has anticipated for some time and is well positioned to take advantage of.

Notwithstanding this competitive market environment, we have been able to achieve our objectives to accelerate growth and strengthen market shares during 2008. Accordingly, I am pleased to be able to report 1Q08 results that broadly reflect our expectations and guidance given to the market with continued growth in our telecoms and SSI businesses:

- Material growth in mobile active customers (+8.2%);
- Significant growth of our direct wireline accesses (+68.2%), reflecting both the organic growth and the acquisitions carried out in 2007. Excluding the impact of these acquisitions, wireline direct accesses would have increase by 27.3%;
- Increased rate of growth of customer revenues, with a higher year-on-year growth rate than in 4Q07; up 25.4% or 11.2% excluding recent acquisitions;
- Significant growth in our mobile data revenues, that grew by more than 78% (excluding SMSs) against 1Q07;
- Consolidated EBITDA result was maintained at the same level of last year due principally to the performance of our wireline business and notwithstanding the deterioration in EBITDA and EBITDA margin in our mobile business;
- Substantial growth of EBITDA at our Wireline Business, reflecting mainly the benefits of the continued organic growth in its direct access business.

All our businesses had an active quarter in terms of commercial activities with the following initiatives worth highlighting:

- Optimus rebranding, with the launch of a totally new brand and corporate image;
- preparation for the launch of an innovative offer aimed at the youth market (“TAG”), which introduces, for the first time, unlimited communications among user groups at a attractive flat fees;
- introduction of BlackBerry solutions in our offers to the Corporate and SME market;
- launch of a new entry level broadband ADSL offer at 4Mbs and upgrade of the customers with the previous 2Mbs offer to 6Mbs speeds, with no additional charge;
- reinforcement of our IPTV offer by adding new broadcast channels and new functionalities;
- replacement of our wireline customers’ set-top boxes, for free, offering one of the most advanced equipments available in the market, which will allow for the improvement of image and sound quality, as well as the rendering of HDTV;
- Mainroad becoming the first SAP Hosting Partner in Portugal;
- change of corporate identity and image of WeDo to “WeDo Technologies”, a reflection of its expansion and the consolidation of the acquired companies, bringing all assets under one single brand; and
- campaigns implemented by Público, associated with its 18th anniversary, including special editions, the recirculation of the first edition and the launch of a new Saturday supplement.

During the quarter, our Telco business and SSI have also focused on the integration of the businesses acquired during 2007. In the wireline arena, efforts have been made to accelerate the full migration of customers to our systems, which we expect to be completed by the end of 2Q08 in the case of Oni customers and, in the case of Tele2, at the beginning of the 3Q08. In addition, focus has been on the migration and up-selling of indirect customers to our direct voice and broadband services. These efforts are expected to have a positive impact during 2H08 with the implementation of measures aimed at achieving the expected synergies and improved profitability.

We began to implement our investment plans for this year to extend our 3G network coverage and increase its capacity and to enlarge our ULL network coverage. In addition, we announced a three year investment plan of 240 million euros for the deployment of a Next Generation Fibre Network, with a targeted coverage of over 1 million homes and approximately 25% of the Portuguese population. Our fibre plan is aimed at building the most advanced telecommunications network in Portugal. As part of this plan, we have proposed an 'open access' policy for the fibre access network aimed at all interested national operators, aligning with regulatory recommendations and best practices in Europe. After tests performed during 2007, we are now implementing the initial phase of the plan, targeting new office and residential developments and priority areas in Lisbon and Porto.

I would like to highlight that, contrary to all expectations, the final decision by Anacom in relation to changes in MTRs for 2008, was not taken during 1Q08. Had Anacom's draft decision been implemented during 1Q08, our mobile business would have achieved an EBITDA margin close to that generated last year. It is of public knowledge that approximately 6 months ago, Anacom released a draft decision for the new MTRs programme for 2008 that envisaged further cuts in these rates and the introduction of asymmetry in favour of Optimus. This draft decision was taken with the purpose of fostering competition in the Portuguese mobile sector, which will ultimately benefit consumers. As the final decision is still to be implemented, our mobile business continued during 1Q08 to have significant imbalances of mobile termination charges in favour of its larger competitors. Recent decisions in relation to MTRs in other EU countries, such as Belgium, have reinforced our belief that the key elements of the draft decision released in October 2007 will be upheld.

Going forward, it is clear that the current competitive market dynamics are likely to be sustained for a few more quarters and that this will lead to more pressure on short term profitability for the sector as a whole. We expect the final decision by Anacom on the 2008 MTRs in the short term.

I am pleased with the progress achieved during 1Q08 in terms of customer and top-line growth in all our businesses and believe that the ambitious investment plan announced for the current year will prove to be the right strategy in order to enhance our competitive market position and provide for sustained future growth.

Based on the regulatory framework presented by Anacom in its draft decision and given our 1Q08 results, we are confident that notwithstanding the current competitive environment, we should be able to achieve our full year 2008 targets.

2. Quarter highlights

During 1Q08, Sonaecom was able to maintain the high level of growth in customers and customer revenues achieved in 4Q07 in its telecoms businesses, while maintaining a focus on cost control, despite the continuous investment in our brands, in new products and services and the increased commercial activities implemented in the quarter.

Operational Highlights

OPERATING KPI's	1Q07	1Q08	y.o.y	4Q07	q.o.q
Mobile Business					
Customers (EOP) ('000)	2,629.2	2,926.9	11.3%	2,893.5	1.2%
Active Customers ⁽¹⁾	2,117.1	2,290.2	8.2%	2,276.9	0.6%
Data as % Service Revenues	16.0%	20.6%	4,6pp	19.4%	1,2pp
MOU ⁽²⁾ (min.)	116.4	117.9	1.3%	120.6	-2.2%
Wireline Business					
Total Accesses (EOP)	393,483	775,163	97.0%	815,623	-5.0%
Direct	309,461	520,649	68.2%	510,673	2.0%
Indirect	84,022	254,514	-	304,950	-16.5%
Direct access as % Customer Revenues	75.7%	65.8%	-9,9pp	60.1%	5,8pp
Sonaecom					
Employees	1,847	1,943	5.2%	1,961	-0.9%

(1) Active Customers with Revenues generated during the last 90 days; (2) Minutes of Use per Customer per month.

Consolidated Financial Highlights

Million euros

CONSOLIDATED FINANCIAL KPI's	1Q07	1Q08	y.o.y	4Q07	q.o.q
Turnover	198.9	237.7	19.5%	248.4	-4.3%
Service Revenues	183.2	217.1	18.5%	224.3	-3.2%
Customer Revenues	137.1	171.9	25.4%	175.9	-2.2%
Operator Revenues	46.2	45.1	-2.2%	48.4	-6.8%
EBITDA	34.0	34.1	0.2%	41.4	-17.8%
EBITDA Margin (%)	17.1%	14.3%	-2.8pp	16.7%	-2.3pp
EBT	-6.8	-7.4	-8.5%	-0.9	-
Net Results - Group Share ⁽¹⁾	-6.0	-5.5	8.0%	33.8	-
Operating CAPEX ⁽²⁾	28.7	32.7	13.8%	52.3	-37.5%
Operating CAPEX as % of Turnover	14.5%	13.8%	-0.7pp	21.1%	-7.3pp
EBITDA - Operating CAPEX	5.2	1.3	-74.3%	-10.9	-
Total CAPEX	29.6	35.4	19.3%	76.5	-53.8%
FCF ⁽³⁾	63.2	-32.7	-	3.9	-

(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 Flow s and Financing related up-front Costs.

- **Customers:** (i) Mobile customers increased by 11.3% to 2.927 million at the end of 1Q08; net additions in the quarter were 33.3 thousand, up by 22.0% when compared to 1Q07. Data revenues represented 20.6% of service revenues in the quarter, up 4.6 pp from 1Q07 and 1.2pp from 4Q07; (ii) Wireline accesses totalled 775 thousand at 1Q08 against 393 thousand in 1Q07. Direct accesses increased to 520.6 thousand, 68.2% above 1Q07, with significant underlying like-for-like growth of 27.3%. Wireline customer revenues (o.w. 65.8% are related to direct access) represented, in 1Q08, 65.1% of service revenues.
- **Personnel:** total employees increased by 5.2% compared to 1Q07 but have decreased by 0.9% compared to the previous quarter. The y.o.y. increase is mostly due to the integration of personnel from the acquisitions carried out during 2007 (mainly Cape and Tele2 Portugal). The evolution of the headcount includes a decrease of 2.3% in shared services and corporate centre.
- **Consolidated Service Revenues** continued to grow at a high pace, increasing by 18.5% against 1Q07, as a result of a 25.4% increase in customer revenues (or 11.2% if we exclude the contributions of the companies acquired in 2007) that more than compensated the 2.2% reduction in operator revenues, driven by the negative impact of Mass Calling Services on operator revenues at our wireline business.
- **Consolidated EBITDA** increased by 0.2% to 34.1 million euros, driven primarily by the improved contribution from the Wireline Business. EBITDA margin, as expected, deteriorated by 2.8 pp to 14.3% due to: (i) the increased marketing & sales costs in the Telco Business; (ii) the costs associated with the integration of the acquired businesses; (iii) the negative impact of lower roaming-in tariffs; and (iv) at SSI, the significant increase of IT products sales that carry lower margins.

3. Consolidated Results

3.1. Consolidated Income Statement

CONSOLIDATED INCOME STATEMENT	1Q07	1Q08	y.o.y	4Q07	q.o.q
Turnover	198.9	237.7	19.5%	248.4	-4.3%
Mobile	142.8	151.6	6.2%	164.4	-7.8%
Wireline	54.0	75.2	39.2%	77.8	-3.4%
Público	7.2	7.8	8.8%	9.5	-18.2%
SSI	15.0	27.1	80.8%	26.1	3.6%
Other & Eliminations	-20.0	-23.9	-19.7%	-29.5	18.8%
Other Revenues	1.3	1.5	15.1%	2.2	-30.1%
Operating Costs	162.7	201.1	23.6%	206.2	-2.5%
COGS	22.3	25.8	15.9%	33.9	-23.9%
Network Costs ⁽¹⁾	68.4	83.7	22.5%	82.8	1.2%
Personnel Costs	23.4	26.1	11.3%	25.9	0.6%
Marketing & Sales	19.0	26.5	39.5%	26.9	-1.7%
Outsourcing Services ⁽²⁾	15.2	21.6	41.6%	19.8	9.2%
General & Administrative Expenses	11.3	13.8	22.4%	12.8	8.3%
Other Operating Costs	3.1	3.6	15.1%	4.2	-14.8%
Provisions and Impairment Losses	3.6	4.1	13.6%	2.9	39.2%
EBITDA	34.0	34.1	0.2%	41.4	-17.8%
EBITDA Margin (%)	17.1%	14.3%	-2,8pp	16.7%	-2,3pp
Mobile	35.0	33.1	-5.2%	35.5	-6.7%
Wireline	0.2	2.5	-	5.4	-53.4%
Público	-1.2	-1.2	1.6%	0.2	-
SSI	1.2	0.9	-27.4%	0.4	134.0%
Other & Eliminations	-1.2	-1.3	-5.1%	-0.1	-
Depreciation & Amortization	36.6	37.3	1.7%	38.5	-3.2%
EBIT	-2.6	-3.2	-21.1%	2.9	-
Net Financial Results	-4.1	-4.2	-0.4%	-3.8	-8.1%
Financial Income	9.2	0.8	-91.5%	0.8	-0.9%
Financial Expenses	13.3	4.9	-63.0%	4.6	6.6%
EBT	-6.8	-7.4	-8.5%	-0.9	-
Tax results	0.8	1.9	125.7%	34.9	-94.6%
Net Results	-5.9	-5.5	8.0%	34.0	-
Group Share	-6.0	-5.5	8.0%	33.8	-
Attributable to Minority Interests	0.1	0.0	-14.0%	0.2	-72.4%

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

Turnover

Consolidated turnover totalled 237.7 million euros in 1Q08, almost 20% above 1Q07.

Consolidated service revenues increased materially by 18.5%, to 217.1 million euros. The main drivers behind this performance were the following:

- 38.8% higher service revenues at our Wireline Business or 6.0% on a like-for-like basis, i.e., excluding the businesses acquired during 2007 (Oni's residential & SOHO customer base and Tele 2 Portugal);
- 6.7% increase in service revenues at our Mobile Business (the highest y.o.y increase of the last 3 years), despite the impact of lower roaming-in tariffs;
- 44.9% higher service revenues at SSI, driven by the positive performance of all its businesses. If we exclude the companies acquired by WeDo during 2007, SSI's services revenues would still have grown by a material 26%; and
- the 2.0% decrease in advertising revenues at Público.

Importantly, consolidated customer revenues continue to grow at a high pace: 25.4% when compared to 1Q07, driven by strong customer revenue growth at both our Wireline (+84.9%) and Mobile (8.4%) Businesses.

Excluding the contributions from the businesses acquired during 2007, consolidated service revenues and customer revenues would have still grown significantly by 7.8% and 11.2%, respectively, compared to 1Q07, on a like-for-like basis, a strong achievement in the current competitive market environment.

Operating costs

Total operating costs reached 201.1 million euros in 1Q08, an increase of 23.6% y.o.y.. Total operating costs excluding COGS were 24.8% higher than in 1Q07, representing 80.7% of service revenues, approximately 4.1pp above the level registered in the first quarter of 2007. As explained above for turnover, it should be noted that 1Q08 operating costs include the costs associated with the companies acquired during 2007 and the respective integration costs.

Besides the contributions of the acquired companies, it is worth noting that the higher operating costs in the quarter were primarily growth related:

- a) 22.5% higher network costs when compared to 1Q07, driven by a 18.9% increase in interconnection & content costs, due to higher level of traffic volumes and to the enlarged ULL customer base, which led to significantly higher ULL monthly fee related costs; and by a 37.2% increase in leased lines and network expenses, as a result of the reinforcement of our mobile network (driven by the success of mobile broadband) and by the network costs associated with the companies acquired during last year. Network costs have increased by only 1.2% when compared to 4Q07;
- b) marketing & sales costs and handset subsidisation costs increased by 22.7% driven mainly by the Telco Division investments in customer acquisition, in the launch of new products and services, and in the major re-launch of the Optimus brand at the beginning of the quarter and related advertising campaigns; and
- c) general & administrative costs and outsourcing costs that increased by 22.4% and 41.6%, respectively, mainly explained by: (i) the increased customer base at our Mobile Business and related license costs; and (ii) the significant growth of post-paid mobile customers and larger customer base at our Wireline Business (with the consequent billing & support requirements and related expenses). The fact that ONI and Tele2's customers are still not being fully served by our own network and systems (the migration of the last customer is expected to be accomplished during 3Q08), also contributed to the increased outsourcing costs.

Staff costs increased by 11.3% against 1Q07 (0.6% when compared to 4Q07) reflecting the additional staff related costs of the acquired companies.

Provisions and impairment losses increased y.o.y. in 1Q08 by 0.5 million euros due to a combination of higher provisions for stock depreciation at our Telco Businesses, driven mainly by the replacement of set-top boxes at our Wireline Business, that was partially offset by lower provisions for bad debt.

EBITDA

Consolidated EBITDA improved by 0.2% to 34.1 million euros in 1Q08 generating a margin of 14.3%, compared to a margin of 17.1% in 1Q07. This performance was mainly driven by strong operational results at our Wireline Business, that were almost fully off-set by the increased commercial costs at the Mobile business (driven by the rebranding operation and the cost of growth) and the costs of integration of the companies acquired during 2007. The breakdown of EBITDA performance by business was as follows:

- a) EBITDA at our Mobile Business was of 33.1 million euros, down by 1.9 million euros when compared to 1Q07, explained by the increase in marketing & sales costs in the quarter and by the negative impact from lower roaming-in tariffs;
- b) The Wireline Business generated an EBITDA of 2.5 million euros (2.3 million euros improvement over 1Q07) clearly reflecting the scale benefits of the continued organic growth in its direct access business;
- c) EBITDA at SSI decreased from 1.2 million euros in 1Q07 to 0.9 million euros in 1Q08. The higher service revenues in all SSI companies and the improved EBITDA performance at Mainroad and Bizdirect, were not sufficient to compensate for the costs of integration and the improving but still negative contributions in 1Q08 of the companies acquired by WeDo;
- d) Público's EBITDA was negative 1.2 million euros, which nevertheless represented an improvement of 1.6% when compared to 1Q07, with improved performance in product sales (17.6% above 1Q07), almost fully offset by the negative performance in advertising revenues and the growth in marketing & sales costs, which partly reflects the 1Q08 marketing campaign to reinforce Sexta's (the free weekly newspaper launched in 4Q07) positioning and brand awareness.

Net Profit

Net results group share were negative 5.5 million euros in 1Q08, an improvement of 8% when compared to the negative 6 million euros result in 1Q07.

Depreciation & amortization charges increased marginally to 37.3 million euros (a 1.7% increase compared to 1Q07), driven by the increased asset base resulting from our investments in expanding both our mobile and wireline networks.

Net financial charges increased by 0.4 million euros against the 4Q07, to 4.2 million euros in 1Q08, reflecting: (i) higher interest expenses, up by 0.3 million euros, due to the slightly higher average cost of debt (5.1% in 1Q08 compared to 5.0% in 4Q07) mainly as a consequence of the increase in market rates; (ii) approximately stable interest income, at 0.8 million euros; and (iii) increase in foreign exchange losses in the amount of 0.1 million, associated with SSI's international activities, driven by the EUR appreciation.

The tax line in 1Q08 showed a benefit of 1.9 million euros, compared to 0.8 million euros in 1Q07, due mostly to movements in deferred tax assets at our Telecoms Business.

3.2. Consolidated Balance Sheet

Million euros	1Q07	1Q08	y.o.y	4Q07	q.o.q
CONSOLIDATED BALANCE SHEET					
Total Net Assets	1,676.4	1,694.9	1.1%	1,758.6	-3.6%
Non Current Assets	1,226.1	1,353.8	10.4%	1,353.9	0.0%
Tangible and Intangible Assets	654.3	720.4	10.1%	722.6	-0.3%
Goodwill	507.1	528.1	4.2%	528.2	0.0%
Investments	1.9	2.0	1.1%	2.0	0.5%
Deferred Tax Assets	62.8	103.3	64.4%	101.1	2.1%
Current Assets	450.3	341.0	-24.3%	404.7	-15.7%
Trade Debtors	138.6	191.0	37.8%	192.0	-0.5%
Liquidity	189.5	5.5	-97.1%	83.9	-93.4%
Others	122.2	144.5	18.2%	128.8	12.1%
Shareholders' Funds	889.9	932.5	4.8%	935.4	-0.3%
Group Share	889.3	931.6	4.8%	934.6	-0.3%
Minority Interests	0.6	0.9	62.0%	0.9	6.4%
Total Liabilities	786.5	762.3	-3.1%	823.2	-7.4%
Non Current Liabilities	484.9	379.4	-21.8%	422.6	-10.2%
Bank Loans	461.9	329.6	-28.6%	373.2	-11.7%
Provisions for Other Liabilities and Charges	21.2	31.7	50.0%	30.9	2.8%
Others	1.8	18.1	-	18.5	-2.3%
Current Liabilities	301.6	383.0	27.0%	400.6	-4.4%
Bank Loans	0.8	0.3	-65.3%	0.6	-57.1%
Trade Creditors	136.9	174.7	27.6%	185.3	-5.7%
Others	163.9	208.0	26.9%	214.6	-3.1%
Operating CAPEX ⁽¹⁾	28.7	32.7	13.8%	52.3	-37.5%
Operating CAPEX as % of Turnover	14.5%	13.8%	-0.7pp	21.1%	-7.3pp
Total CAPEX	29.6	35.4	19.3%	76.5	-53.8%
EBITDA - Operating CAPEX	5.2	1.3	-74.3%	-10.9	-
Operating Cash Flow ⁽²⁾	-18.6	-28.6	-53.5%	18.3	-
FCF ⁽³⁾	63.2	-32.7	-	3.9	-
Gross Debt	465.6	349.3	-25.0%	393.7	-11.3%
Net Debt	276.1	343.7	24.5%	309.8	10.9%
Net Debt/ EBITDA last 12 months	1.5 x	2.1 x	0.6x	1.9 x	0.21x
EBITDA/Interest Expenses ⁽⁴⁾	2.9 x	7.6 x	4.7x	9.9 x	-2.2x
Debt/Total Funds (Debt + Shareholders' Funds)	34.4%	27.2%	-7.1pp	29.6%	-2.4pp

(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 Flow s and Financing related up-front Costs; (4) Interest Cover.

Capital structure

As a consequence of the refinancing operation carried out in 2007, before the turmoil in the credit markets, consolidated gross debt continues to be primarily contracted by Sonaecom SGPS and internal funding movements are being used to allocate cash between our subsidiaries. At end of 1Q08, the weighted average maturity of Sonaecom Group credit lines stood at approximately 4.2 years, compared to circa 2.5 years in 1Q07, before we completed the refinancing process.

Consolidated gross debt totalled 349.3 million euros, 44.4 million euros below the level at the end of 2007 and comprised: (i) 150 million euros long-term privately placed Bonds, due in 2013; (ii) an amount of 180.5 million euros used under the underwritten committed Commercial Paper Programme (with a total available amount of 250 million euros) contracted in 2007 and with final maturity in 2012 and (iii) 19.4 million euros of long term financial leases.

Consolidated net debt at the end of 1Q08 stood at 343.7 million euros, an increase of 33.9 million euros compared to the end of 2007, mainly reflecting the FCF evolution in the quarter.

Sonaecom's capital structure continues to be conservative as demonstrated by its key financial ratios at the end of 1Q08. Net debt to annualised EBITDA deteriorated marginally, when compared to YE07, to 2.1x, reflecting the above mentioned increase in net debt registered in the quarter. Interest cover improved from 2.9x, in 1Q07 to 7.6x in 1Q08, as a result of the significantly lower level of interest expenses. It should be noted that interest expenses in 1Q07 included interest paid on a loan from Sontel BV, associated with the Tender Offer for PT, which was fully repaid by the end of that quarter. Interest expense in the quarter increased by only 0.31 million euros against 4Q07. The ratio of Consolidated Debt to Total Funds improved from 29.6% in YE07 to 27.2% in 1Q08, reflecting the above mentioned movements in gross debt and the 2.9 million euros decrease in Shareholder's Funds. The latter resulted mainly from the net losses generated in the period and by the delivery of own shares to employees under our Medium Term Incentive Plan (which had a net effect of increasing shareholders funds by 2.0 million euros).

At the end of 1Q08, the sum of cash and non-utilized committed credit lines at the Sonaecom Group stood at approximately 155 million euros. As identified above, no amortizations of bank loans are scheduled until 2010.

CAPEX

Consolidated CAPEX was 35.4 million euros while operating CAPEX reached 32.7 million euros, 13.8% above 1Q07, and representing 13.8% of turnover.

The increase in Operating CAPEX was driven by higher investments in our Mobile Business (+57.8% increase over 1Q07, to 25.9 million euros), as a reflection of our decision to accelerate the extension of coverage and capacity of our 2.5G/3G network in order to improve quality of service and consolidate our leading position in mobile broadband.

Operating CAPEX spend during 1Q08 was mainly applied as follows: 30% invested in the deployment of the UMTS/HSDPA network, 21% was related to the GSM/GPRS network, 16% related to Information Technology/Information Systems investments; and approximately 12% was invested in our ULL and FTTH access networks.

Other balance sheet items

Gross tangible and intangible assets were 1,701 million euros at the end of 1Q08, compared to 1,666 million euros at YE07 and cumulative depreciation and amortization totalled 980.9 million euros, compared to 943.7 million euros in the previous quarter. Both financial investments and goodwill were approximately stable in comparison to 4Q07 registering, in 1Q08, 2.0 million euros and 528.1 million euros, respectively.

At the end of 1Q08, Sonaecom shareholders' funds totalled 932.5 million euros, compared to 935.4 million euros at the end of 2007, reflecting mainly the net losses of 5.5 million euros generated in the quarter.

FCF

Million euros

LEVERED FREE CASH FLOW	1Q07	1Q08	y.o.y	4Q07	q.o.q
EBITDA-Operating CAPEX	5.2	1.3	-74.3%	-10.9	-
Change in WC	-24.7	-32.1	-30.4%	24.7	-
Non Cash Items & Other	0.8	2.2	178.4%	4.6	-51.3%
Operating Cash Flow	-18.6	-28.6	-53.5%	18.3	-
Financial Investments	108.2	-1.1	-	-10.1	89.3%
Own shares	-8.9	0.0	100.0%	0.0	-
Public Tender Offer	-13.1	-0.1	99.1%	-0.3	65.8%
Financial results	-4.2	-2.9	31.7%	-4.0	27.2%
Income taxes	-0.1	0.0	100.0%	0.0	-
FCF	63.2	-32.7	-	3.9	-

Consolidated FCF in 1Q08 was negative 32.7 million euros, compared to a positive 63.2 million euros in 1Q07 that included the positive impact of the disposal of PT shares (108.2 million Euros). Excluding this effect, the impact of the acquisition of own shares and of the payments associated with the Public Tender Offer in 1Q07, consolidated FCF would, on a like-for-like basis, have deteriorated by approximately 9.5 million euros against 1Q07.

Operating cash flow was negative by 28.6 million euros in 1Q08, down from negative 18.6 million euros in 1Q07, mainly driven by: (i) a deterioration of 3.9 million euros in EBITDA-Operating Capex; and (ii) a deterioration in working capital of 32.1 million euros, reflecting the lower credit from trade creditors and fixed asset suppliers at both the Mobile and Wireline Business (a normal evolution during the first quarter of the year) and the advance payments of 5.5 million euros made, during 1Q08, by our Mobile Business to fixed asset suppliers in order to take advantage of financial discounts offered.

4. Telecommunications

4.1. Mobile Business

Our mobile business had an active quarter in terms of commercial activity, and was able to sustain strong customer and customer revenue growth, as a result of the planned investment to support the brand, particularly in the residential segment; to improve distribution capacity; and with the continuous development of our fixed-mobile convergent product 'Optimus Home' and our wireless broadband service "Kanguru". Optimus was able to sustain its leading position in wireless broadband in the residential market and achieved significant growth in overall data usage.

4.1.1. Operational data

MOBILE OPERATIONAL KPIs	1Q07	1Q08	y.o.y	4Q07	q.o.q
Customers (EOP) ('000)	2,629.2	2,926.9	11.3%	2,893.5	1.2%
Net Additions ('000)	27.3	33.3	22.0%	132.4	-74.8%
% Pre-paid Customers	75.9%	70.8%	-5,1pp	73.1%	-2,3pp
Active Customers ⁽¹⁾	2,117.1	2,290.2	8.2%	2,276.9	0.6%
Data as % Service Revenues	16.0%	20.6%	4,6pp	19.4%	1,2pp
Total #SMS/month/user	45.0	42.2	-6.3%	45.1	-6.4%
MOU ⁽²⁾ (min.)	116.4	117.9	1.3%	120.6	-2.2%
ARPU (euros)	17.7	17.0	-4.2%	18.1	-6.2%
ARPM ⁽³⁾ (euros)	0.15	0.14	-5.4%	0.15	-4.0%
SAC&SRC ⁽⁴⁾ (million euros)	27.1	36.2	33.8%	40.1	-9.8%
Employees ⁽⁵⁾	1,034	980	-5.2%	977	0.3%
Shared Services Division	766	746	-2.6%	748	-0.3%

(1) Active Customers with Revenues generated on last 90 days; (2) Minutes of Use per Customer per month; (3) Average Revenue per Minute; (4) Total Acquisition & Retention Costs; (5) Includes Shared Services Division.

Customer base

Mobile customer base increased by 11.3% to 2.927 million customers at the end of 1Q08, compared to 2.629 million at the end of 1Q07 and 2.893 million at 4Q07, with net additions reaching 33 thousand in the quarter, up by 22% compared to 1Q07, a demonstration of the continued progress in our growth strategy. Active customers at the end of 1Q08 totalled 2.290 million, as compared to 2.117 million at the end of 1Q07, an increase of approximately 8.2%.

Contract customers continued to increase their weight in the total customer base. At the end of 1Q08, pre-paid customers represented 70.8% of total customers, a reduction of 5.1pp against 1Q07 and 2.3pp against 4Q07.

During 1Q08, Mobile customer's ARPU was 17.0 euros, down from 17.7 euros in 1Q07. Of the 1Q08 ARPU, 13.2 euros were related to customer monthly bill and 3.8 euros to operator revenues, compared to 13.5 euros and 4.2 euros respectively, in 1Q07. The lower ARPU is mainly explained by the decrease of 9.1% in operator revenues ARPU, due to reductions in roaming-in tariffs. The fall in the level of customer monthly bill, was driven by the decrease in Average Revenue per Minute ("ARPM"), explained by the higher price pressures on voice tariffs mainly in the SME and Corporate segments, but also due to the increased weight of "Optimus Home" (our fixed-mobile convergence product) within the customer base, that was partially offset by increased usage per customer, as demonstrated by the 1.3% increase in average Minutes of Use ("MoU").

Data usage

During 1Q08, we were able to maintain our leading position in wireless broadband and achieved a material growth of data usage, namely through the promotion of our mobile broadband product "Kanguru", based on HSDPA/HSUPA technologies, now offering download speeds of up to 7.2 Mbps and upload speeds of up to 1.4Mbps, including a recently launched Pen Modem. The governmental programme ("e-Initiatives") aimed at the development of the 'Information Society' in Portugal, continues to contribute to maintaining mobile broadband market growth at a high pace and all three incumbent mobile operators have been active in contributing to this programme.

Data revenues represented 20.6% of service revenues in 1Q08, an improvement of 4.6pp versus 1Q07 and 1.2 pp over 4Q07, 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 61% of total data revenues in 1Q08, compared to only 47% in 1Q07. The revenues from non-SMS data services have increase by approximately 78.2% from 1Q07 to 1Q08.

Traffic

In 1Q08, total voice traffic¹ was 12,8% higher than that recorded in 1Q07 as a result of both the enlarged customer base and of the increase in MoU per customer to 117.9 minutes (from 116.4 minutes in 1Q07), reflecting the continuous success of our investment effort to enhance voice usage.

4.1.2. Financial data

Million euros

MOBILE INCOME STATEMENT	1Q07	1Q08	y.o.y	4Q07	q.o.q
Turnover	142.8	151.6	6.2%	164.4	-7.8%
Service Revenues	134.9	144.0	6.7%	149.4	-3.7%
Customer Revenues	103.1	111.8	8.4%	113.9	-1.8%
Operator Revenues	31.8	32.2	1.2%	35.5	-9.5%
Equipment Sales	7.9	7.6	-3.1%	15.0	-49.1%
Other Revenues	8.4	10.2	20.8%	9.9	2.7%
Operating Costs	114.9	126.0	9.7%	136.5	-7.7%
COGS	16.7	15.2	-9.0%	27.5	-44.9%
Interconnection & Contents	32.6	35.6	9.3%	36.0	-1.2%
Leased Lines & Other Network Operating Costs	14.2	14.9	4.7%	14.4	3.3%
Personnel Costs	13.1	12.7	-2.8%	13.2	-3.8%
Marketing & Sales	15.3	20.9	36.4%	19.8	5.4%
Outsourcing Services ⁽¹⁾	12.5	15.0	20.6%	14.0	7.5%
General & Administrative Expenses	7.9	8.4	7.4%	7.8	8.0%
Other Operating Costs	2.7	3.3	21.7%	3.7	-12.1%
Provisions and Impairment Losses	1.4	2.6	92.7%	2.3	13.0%
Service Margin ⁽²⁾	102.3	108.3	5.9%	113.4	-4.5%
Service Margin (%)	75.8%	75.3%	-0,6pp	75.9%	-0,6pp
EBITDA	35.0	33.1	-5.2%	35.5	-6.7%
EBITDA Margin (%)	24.5%	21.9%	-2,6pp	21.6%	0,3pp
Depreciation & Amortization	31.6	29.0	-8.4%	29.9	-3.1%
EBIT	3.3	4.2	24.9%	5.6	-25.9%
Operating CAPEX ⁽³⁾	16.4	25.9	57.8%	36.5	-29.1%
Operating CAPEX as % of Turnover	11.5%	17.1%	5,6pp	22.2%	-5,1pp
EBITDA - Operating CAPEX	18.6	7.2	-61.0%	-1.0	-
Total CAPEX	17.1	28.6	67.9%	39.3	-27.2%

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

Turnover

Service revenues increased by 6.7% to 144.0 million euros compared to 134.9 million euros in 1Q07, the highest y.o.y increase of the last 3 years, driven primarily by the 8.4% growth in customer revenues but also by the 1.2% growth in operator revenues (despite the lower level of roaming-in tariffs).

EBITDA

Mobile EBITDA in 1Q08 reached 33.1 million euros and generated a margin of 21.9%, representing a decrease of 2.6pp, when compared to 1Q07. This decline was primarily the result of the combination of higher Marketing & Sales costs (mainly Optimus brand re-launch), lower roaming-in tariffs and higher outsourcing services (+20.6%) when compared to 1Q07.

¹ Total voice traffic = total incoming traffic plus total outgoing traffic plus total Roaming out

4.2. Wireline Business

In the Wireline arena, we have continued to focus on growing the direct access broadband business with particular efforts made to sustain our leading position in the ULL market, expand our double play offering and reinforce our broadband IPTV and Home Video services, while continuously working to improve customer service. Efforts have also been made to transform the acquired indirect customers to direct services, a process that will take time but one that is progressing broadly in line with expectations. The full migration of the acquired Oni and Tele2 customers to our own systems is also in progress but will not be completed until 3Q08.

4.2.1. Operational data

In order to facilitate the analysis of our Wireline Business we have reorganized the operational KPIs' table, bringing the indicators in line with the way most of our peers are reporting (including the change of terminology from "services" to "accesses"), aligning it with the most recent developments in terms of drivers for the business performance. We have also introduced a new indicator of Average Revenue per Access.

WIRELINE OPERATIONAL KPI's	1Q07	1Q08	y.o.y	4Q07	q.o.q
Total Accesses (EOP) ⁽¹⁾	393,483	775,163	97.0%	815,623	-5.0%
Voice	217,221	495,909	128.3%	534,067	-7.1%
Direct	170,910	280,989	64.4%	277,252	1.3%
Indirect	46,311	214,920	-	256,815	-16.3%
ADSL	143,830	250,138	73.9%	249,040	0.4%
Direct	132,078	221,947	68.0%	217,648	2.0%
Indirect	11,752	28,191	139.9%	31,392	-10.2%
Other & Data	32,432	29,116	-10.2%	32,516	-10.5%
Direct	6,473	17,713	173.6%	15,773	12.3%
Indirect	25,959	11,403	-56.1%	16,743	-31.9%
Total Direct Accesses	309,461	520,649	68.2%	510,673	2.0%
Total Indirect Accesses	84,022	254,514	-	304,950	-16.5%
Unbundled Central Offices with transmission	149	173	16.1%	169	2.4%
Unbundled Central Offices with ADSL2+	141	164	16.3%	161	1.9%
Direct access as % Customer Revenues	75.7%	65.8%	-9.9pp	60.1%	5.8pp
Blended ARPU - Retail ⁽²⁾	23.4	21.1	-9.9%	20.8	1.4%

(1) Accesses were restated according to a "revenue generator unit" criteria since 1Q07; (2) Average Revenue per Access (excluding Mass Calling services' revenues)

Customer base

At the end of 1Q08, total accesses reached 775.2 thousand, an increase of 97% compared to 1Q07 (14.2% on a like-for-like basis, i.e., excluding the impact of the acquisitions carried out in 2007). Even more importantly, direct accesses have grown by 68.2% against 1Q07 and by 27.3% on a like-for-like basis. Total direct accesses represented 67.2% of the Wireline Business total accesses in 1Q08, compared to 78.6% in 1Q07 (as a result of the increase in the indirect customer base determined mostly by the acquisition of Tele 2 during 3Q07) and 62.6% in 4Q07.

We continue to enlarge the addressable market of our direct offers by opening new Central Offices ("COs"). During 1Q08 we extended our transmission capacity to four additional COs and have unbundled three additional COs with ADSL2+. The addressable market of our ULL network now covers more than 55% of total households.

Direct net additions in 1Q08 were, approximately, 10 thousand accesses, a decrease from the 28 thousand accesses in 1Q07 as a result of the slower expansion rate of unbundling of COs for ADSL2+, the increased competitive pressures currently prevailing in the market and of the growing use of mobile broadband services.

Wireline retail ARPU increased to 21.1 euros, up by 1.4pp against 4Q07, driven mainly by the increased weight of direct customers and by the negative impact of the promotion campaigns carried out in the quarter, on the back of similar pricing campaigns launched by our main competitors.

Services

During 1Q08, through our residential brand Clix, we promoted the replacement, for free, of current customers' set top boxes for a new MPEG4 model, one of the most advanced set top boxes currently available in the market, which will allow our TV customers to access HD channels, DTT and to benefit from an improved sound quality.

We have introduced a new entry level of the ADSL offer at 4Mbps and launched new and very attractive promotions for the residential market aimed at reinforcing Clix's position in the market. Additionally customers with 2Mbps ADSL offers were upgraded to 6Mbps speeds, with no additional cost.

We have also reinforced our IPTV offer by adding new contents, including new broadcast channels such as TVGlobo and World Made Channel, as well as new functionalities: Kids Club (a new portal with design and contents specially adapted to the children's target) and a parental control tool.

4.2.2. Financial data

Million euros	1Q07	1Q08	y.o.y	4Q07	q.o.q
WIRELINE INCOME STATEMENT					
Turnover	54.0	75.2	39.2%	77.8	-3.4%
Service Revenues	54.0	75.0	38.8%	77.0	-2.6%
Customer Revenues	26.4	48.8	84.9%	50.1	-2.6%
Direct Access Revenues	20.0	32.1	60.7%	30.1	6.7%
Indirect Access Revenues	5.7	15.5	172.9%	19.0	-18.4%
Other	0.7	1.1	59.3%	1.0	16.1%
Operator Revenues	27.7	26.2	-5.2%	26.9	-2.4%
Equipment Sales	0.0	0.2	-	0.8	-78.0%
Other Revenues	1.0	0.7	-36.1%	1.2	-45.1%
Operating Costs	52.6	72.0	36.7%	73.1	-1.5%
COGS	-0.1	0.3	-	1.0	-66.4%
Interconnection	28.1	34.9	24.4%	33.6	3.9%
Leased Lines & Other Network Operating Costs	8.9	13.6	53.4%	14.6	-6.8%
Personnel Costs	2.4	2.6	6.6%	2.6	0.2%
Marketing & Sales	2.8	4.4	59.6%	5.8	-23.3%
Outsourcing Services ⁽¹⁾	7.9	12.7	60.1%	12.6	0.9%
General & Administrative Expenses	2.3	3.1	37.9%	2.6	21.1%
Other Operating Costs	0.4	0.3	-30.0%	0.3	-15.9%
Provisions and Impairment Losses	2.2	1.4	-37.6%	0.5	161.7%
Service Margin ⁽²⁾	25.9	40.1	54.4%	43.4	-7.6%
Service Margin (%)	48.0%	53.4%	5,4pp	56.3%	-2,9pp
EBITDA	0.2	2.5	-	5.4	-53.4%
EBITDA Margin (%)	0.4%	3.3%	2,9pp	6.9%	-3,6pp
Depreciation & Amortization	4.7	8.0	69.2%	13.6	-41.1%
EBIT	-4.5	-5.5	-22.1%	-8.2	33.1%
Operating CAPEX ⁽³⁾	12.2	6.7	-44.9%	16.1	-58.1%
Operating CAPEX as % of Turnover	22.6%	9.0%	-13,7pp	20.7%	-11,7pp
EBITDA - Operating CAPEX	-12.0	-4.2	64.8%	-10.7	60.5%
Total CAPEX	12.2	6.7	-44.9%	13.7	-50.8%

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

Turnover

When comparing to 1Q07, it should be noted that the 1Q08 results of the Wireline Business and consequently, those of Sonaecom Consolidated include revenues generated by Tele2 Portugal and by the customers acquired from Oni.

Turnover in 1Q08 amounted to 75.2 million euros, an increase of 39.2% over 1Q07, mainly due to the significant increase in customer revenues, up by 84.9%, driven by the growth in both direct access revenues (60.7% higher than in 1Q07 and 6.7% higher than in the previous quarter) and indirect access revenues that increased by 9.8 million euros. In part, growth was driven by the contributions from the acquired customer base of Oni and of Tele2 Portugal. In 1Q08, the total revenue contribution from the businesses acquired during 2007 was of 17.7 million euros. Excluding this contribution, customer revenues would still have grown by a material 17.8% when compared to 1Q07.

Direct access revenues accounted for 65.8% of customer revenues in the quarter, an increase of 5.8pp compared to the 4Q07 (which already incorporated the acquired companies), as a result of the continued focus on the direct access business. The contribution of mass calling services has, as expected, decreased from 4.7 million euros in 1Q07 to 2.8 million euros in 1Q08, which was partially off-set by growth of wholesale traffic and revenues.

EBITDA

Wireline EBITDA was positive 2.5 million euros, compared to only 0.2 million euros in 1Q07, and generated a margin of 3.3%. This improvement was primarily due both to the increased size of the ULL customer base achieved via organic growth that has been generating an increasingly positive contribution to profitability since the second half of 2006, and the positive contribution from the businesses acquired last year.

5. Software and Systems Information (SSI)

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

WeDo continued to focus on the integration of the companies acquired during 2007 with particular focus on the integration of Cape Technologies that has, and will continue to, require significant effort and resources. Simultaneously, efforts have been made to consolidate WeDo's international presence, grow its leading position in the international Revenue Assurance market, expand beyond its traditional telecoms customer base, and improve its product portfolio. More than 60% of its revenues in 1Q08 were obtained outside of the Sonaecom Group (versus approximately 48% at the same period in 2007).

5.1. Operational data

SSI OPERATIONAL KPI's	1Q07	1Q08	y.o.y	4Q07	q.o.q
IT Service Revenues/Employee ⁽¹⁾ ('000 euros)	27.3	28.2	3.5%	27.3	3.5%
Equipment Sales as % Turnover	33.6%	46.8%	13.2pp	41.3%	5.4pp
Equipment Sales/Employee ⁽²⁾ ('000 euros)	461.4	975.8	111.5%	836.1	16.7%
EBITDA/Employee ('000 euros)	3.5	1.9	-46.5%	0.8	134.9%
Employees	344	460	33.7%	467	-1.5%

(1) Excluding employees dedicated to Equipment Sales; (2) Bizdirect.

SSI inverted the negative trend in productivity levels registered in 4Q07 (due to the integration of the companies acquired in 2007 and their comparatively lower productivity, a natural outcome during integration phases) with IT service revenues per employee increasing to 28.2 thousand euros in 1Q08 (3.5% above the level registered in 4Q07 and in 1Q07), while equipment sales per employee have more than doubled when compared to 1Q07. Total headcount at the end of 1Q08 decreased by 7 to 460, when compared to YE07, but increased by 116 employees against 1Q07, mainly due to: (i) the consolidation of the companies acquired by WeDo during 2007 (Tecnológica, Cape Technologies and Praesidium); and (ii) the need for additional internal consultants to support the increased level of activity.

Of the total WeDo's headcount at the end of 1Q08, approximately 38% are based outside of Portugal.

Importantly, during the quarter, Mainroad became the first SAP Hosting Partner in Portugal (and only the second in Iberia), successfully passing a thorough certification process. Mainroad has also been nominated for the DataCentres Awards Europe 2008, as one of the three "Best Disaster Recovery Providers on Europe", on a contest promoted annually by BroadGroup, an UK research organization specialized in the Datacentre Business.

5.2. Financial data

Million euros

SSI CONSOLIDATED INCOME STATEMENT	1Q07	1Q08	y.o.y	4Q07	q.o.q
Turnover	14.96	27.05	80.8%	26.10	3.6%
Service Revenues	9.94	14.40	44.9%	15.32	-6.0%
Equipment Sales	5.02	12.65	151.8%	10.78	17.3%
Other Revenues	0.19	0.07	-63.0%	0.04	61.4%
Operating Costs	13.94	26.19	87.9%	25.74	1.8%
COGS	4.83	12.48	158.4%	10.57	18.1%
Personnel Costs	5.00	6.94	39.0%	7.25	-4.3%
Marketing & Sales	0.28	0.30	8.7%	0.47	-35.4%
Outsourcing Services ⁽¹⁾	2.11	4.19	98.7%	4.68	-10.5%
General & Administrative Expenses	1.57	2.29	46.5%	2.62	-12.5%
Other Operating Costs	0.16	-0.02	-	0.15	-
Provisions and Impairment Losses	0.01	0.06	-	0.04	64.9%
EBITDA	1.20	0.87	-27.4%	0.37	134.0%
EBITDA Margin (%)	8.0%	3.2%	-4.8pp	1.4%	1.8pp
Depreciation & Amortization	0.33	0.50	48.5%	0.53	-6.6%
EBIT	0.87	0.38	-56.7%	-0.16	-
Operating CAPEX ⁽²⁾	0.15	0.13	-13.0%	0.35	-64.1%
Operating CAPEX as % of Turnover	1.0%	0.5%	-0.5pp	1.4%	-0.9pp
EBITDA - Operating CAPEX	1.06	0.75	-29.4%	0.02	-
Total CAPEX	0.39	0.02	-94.3%	24.14	-99.9%

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

Turnover

When comparing to 1Q07, it should be noted that the 1Q08 results of SSI (and the consolidated results of Sonaecom) include the contributions of Cape Technologies, Praesidium and Tecnológica, all acquired by WeDo during 2007.

SSI turnover increased by 80.8% in 1Q08 to 27.1 million euros, as a result of both higher IT equipment sales, which increased by 151.8% to 12.7 million euros, and higher service revenues, up by 44.9%, mainly driven by the 54.0% increase in service revenues at WeDo (up 24.6% on a like-for-like basis, i.e., excluding the contributions from the companies acquired in 2007). When compared to 1Q07, WeDo's top line growth was particularly strong in Latin America and Middle East & Africa regions. Significantly, all SSI's businesses have posted a y.o.y turnover growth above 20%.

During 1Q08, equipment sales represented 46.7% of turnover, an increase of 5.4 pp over the level registered in 4Q07, driven by a positive contribution from the sale of computers at Bizdirect, partly related with the "e-Initiatives" programme launched by the Portuguese Government.

EBITDA

SSI EBITDA was 0.87 million euros in 1Q08, a reduction of 0.33 million euros versus 1Q07. The reduction in EBITDA was driven primarily by costs relating to the integration of Cape Technologies. The EBITDA margin improved by 1.8 pp against the previous quarter, although still significantly below the levels achieved in 1Q07 due to the continuously improving but still negative impact of Cape Technologies and the significantly higher level of product sales at Bizdirect that carry lower margins. Excluding Cape Technologies, WeDo's EBITDA would have increased by a 40.2% in 1Q08 and generated an EBITDA margin of 16%. It should also be noted that both Bizdirect, and particularly, Mainroad, have shown a positive evolution at the EBITDA level. Mainroad improved its EBITDA margin by 3.5pp against the first quarter of 2007.

6. Público

Market dynamics have been severe for daily paid generalist press with circulation decreasing by 2.0%² and advertising revenues, in first two months of 2008, decreasing by 1.1%³ compared to the same period of the previous year (this number refers to advertising space calculated at reference table figures - competitive pressures continue to lead to higher price discounts). During the same period, the free newspapers' advertising revenues is estimated to have increased by more than 50%.

As a way to celebrate its 18th anniversary with its readers, Público implemented a number of related campaigns during 1Q08, including special editions of certain supplements, the recirculation of the first edition of the newspaper and the launch, under the format of a magazine, of a new Saturday supplement dedicated to leisure.

6.1. Operational data

PÚBLICO OPERATIONAL KPI's	1Q07	1Q08	y.o.y	4Q07	q.o.q
Average Paid Circulation ⁽¹⁾	41,031	43,530	6.1%	39,615	9.9%
Market Share of Advertising (%) ⁽²⁾	14.2%	12.3%	-1,9pp	13.9%	-1,7pp
Employees	263	255	-3.0%	257	-0.8%

(1) Estimated value updated in the following quarter; (2) 1Q08 = February YTD.

Público continues to rank third in terms of paid circulation among daily generalist press, with an average market share of paid circulation in 4Q07 (the latest available information) of 11.9%, in line with 4Q06. Although the restructuring of the product, implemented at the end of 2006, was well received by readers, the difficult market dynamics have influenced the circulation figures.

In 1Q08, average paid circulation increased by 6.1% when compared to 1Q07 and by 9.9% when compared to the previous quarter, mainly as a result of the campaigns implemented to promote circulation. Nevertheless, as mentioned above, the paid press market continues to face competitive challenges, with average circulation decreases and increased competition from 'free' newspapers (estimated to have increased circulation by circa 42%). Público's advertising market share continues to be under pressure, reaching an average of 12.3% during 1Q08, down 1.9pp as compared to 1Q07. The good performance shown in terms of circulation should lead to a positive impact over advertising revenues in the coming quarters.

6.2. Financial data

Million euros	1Q07	1Q08	y.o.y	4Q07	q.o.q
PÚBLICO CONSOLIDATED INCOME STATEMENT					
Turnover	7.18	7.81	8.8%	9.55	-18.2%
Advertising Sales ⁽¹⁾	3.22	3.16	-2.0%	4.16	-24.0%
Newspaper Sales	2.86	3.05	6.6%	2.77	9.8%
Associated Product Sales	1.10	1.61	46.6%	2.62	-38.8%
Other Revenues	0.07	0.06	-8.6%	0.08	-22.9%
Operating Costs	8.37	9.00	7.5%	9.38	-4.1%
COGS	1.71	2.13	24.8%	2.50	-14.8%
Personnel Costs	2.83	2.91	2.6%	2.82	3.0%
Marketing & Sales	0.43	0.87	102.8%	0.93	-6.6%
Outsourcing Services ⁽²⁾	2.67	2.36	-11.6%	2.41	-2.1%
General & Administrative Expenses	0.74	0.73	-1.1%	0.72	1.8%
Other Operating Costs	0.00	0.00	-	0.01	-33.3%
Provisions and Impairment Losses	0.05	0.04	-29.5%	0.05	-30.2%
EBITDA	-1.18	-1.16	1.6%	0.20	-
EBITDA Margin (%)	-16.5%	-14.9%	1,6pp	2.1%	-
Depreciation & Amortization	0.17	0.18	9.0%	0.18	-0.5%
EBIT	-1.35	-1.35	0.3%	0.01	-
Operating CAPEX ⁽³⁾	0.25	0.10	-58.4%	0.20	-46.9%
Operating CAPEX as % of Turnover	3.5%	1.3%	-2,2pp	2.1%	-0,7pp
EBITDA - Operating CAPEX	-1.43	-1.27	11.5%	0.00	-
Total CAPEX	0.25	0.10	-58.4%	0.20	-46.9%

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

² Source: APCT: 2007 vs 2006 (latest available data)

³ Source: Markttest/Media Monitor

Turnover

During 1Q08, turnover increased by 8.8% to 7.81 million euros, compared to 7.18 million euros in 1Q07, reflecting a material growth (+6.6%) in newspaper sales (or +9.8% over 4Q07) but also in associated product revenues (+46.6% when compared to 1Q07). These positive trends in terms of turnover have been partly off-set by a 2.0% decrease in advertising revenues, in line with the overall evolution of advertising spend in the daily generalist paid press.

“Sexta”, the free weekly newspaper launched in 4Q07, through a 50:50 joint-venture with “A Bola”, and consolidated in Público since November 2007 (proportional consolidation), is still in the initial stages of development. Circulation and advertising indicators in the coming quarters will enable a better assessment of its impact in the market.

EBITDA

In 1Q08, Público generated a negative EBITDA of 1.16 million euros, which represents a 1.6% improvement over 1Q07. Notwithstanding the top-line growth registered in the quarter, the 24.8% increase in COGS (driven mainly by the increased circulation figures and by the inclusion of Sexta), and the growth in marketing & sales costs (partly driven by circulation campaigns implemented in 1Q08) have determined the limited improvement at the EBITDA level. It should also be noted that the EBITDA generated by the associated products increased by approximately 35% when compared to 1Q07.

The contribution of Sexta for Público’s EBITDA was still marginally negative in 1Q08. On a like-for-like basis, Público’s EBITDA would have increased by circa 19% against the first quarter of 2007.

7. Main Regulatory Developments

The following are some of the more important regulatory developments during 1Q08:

- **Licensing of frequencies in the 450-470 MHz**

Following the results of the public consultation carried out during 2007, Anacom approved in March 2008 the draft conditions for the tendering process related to the allocation of frequencies in the 450-470 MHz band. The proposed conditions include, among other, the following: (i) the granting of frequencies to one single entity; (ii) exclusion of the current mobile operators as well as operators that offer services supported in CDMA450, such as Radiomóvel; and (iii) the requirement for a guarantee in the amount of five million euros to secure the obligations associated with contribution to the Information Society, which is one of the evaluation criteria. The market consultation in relation to these draft conditions will take place until 12 May 2008 and only after the results are presented the regulator will initiate the tendering process.

- **Universal Service**

In February 2008, Anacom launched a public consultation on the universal service (minimum communication services defined by law, available to all users, independently of geographical location, and under special conditions to certain people). In this consultation, the regulator has asked for comments in relation to a number of different aspects of the universal service, including its scope, conditions for the designation of the entities that can render the service and the calculation of the respective cost. The consultation also included the request for indications of interest for the granting of the service.

- **Anacom's understanding on the spin-off of Zon Multimedia**

Anacom recently published its understanding on the spin-off of Zon Multimédia, clarifying that it considers Zon no longer a part of the PT Group. As a consequence, the obligations that arise from the analysis of regulated markets to the PT Group are not applicable to Zon. In addition, as the spin-off has a material impact on markets 4 and 5 (wholesale unbundled and wholesale broadband accesses), Anacom announced that it will give priority to the reanalysis of those markets, foreseeing the launch of the respective consultation proceedings until May 2008.

8. Main Corporate Developments

- On 21 February 2008, Sonaecom announced its 3-year plan for the deployment of fibre, aimed at building the most advanced telecommunications network in Portugal. As part of this plan, Sonaecom proposed to give access to its fibre network to all interested national operators, aligning with regulatory recommendations and the best practices in Europe.

Sonaecom further announced that it will invest 240 million euros during a 3 year period in developing this Next Generation Network, which will allow coverage of over 1 million homes and approximately 25% of the Portuguese population.

9. Shareholders General Meeting held on 16 April 2008

At the Shareholders General Meeting held on 16 April 2008, the following proposals, amongst others, were approved by the shareholders of Sonaecom:

- Approval of the Full Year Management Report and Individual and Consolidated Accounts of Sonaecom, SGPS, SA for the year ended 31 December 2007, including the proposal for appropriation of the Net Results for 2007, as presented;
- Appointment of the following members to the statutory governing bodies of Sonaecom, SGPS, SA, for the mandate beginning in 2008 and ending in 2011:

Board of the Shareholders' General Meeting:

Chairman: João Augusto Esmeriz Vieira de Castro
Secretary: António Agostinho Cardoso da Conceição Guedes

Board of Directors:

Duarte Paulo Teixeira de Azevedo - Chairman

Ângelo Gabriel Ribeirinho dos Santos Paupério
George Christopher Lawrie
Luís Filipe Campos Dias de Castro Reis
Maria Cláudia Teixeira de Azevedo
Miguel Nuno Santos Almeida

António Sampaio e Mello
David Charles Denholm Hobley
Gervais Gilles Pellissier
Jean-François René Pontal
Nuno Manuel Moniz Trigos Jordão

Statutory Audit Board:

Arlindo Dias Duarte Silva (Chairman)
Armando Luís Vieira de Magalhães
Óscar José Alçada da Quinta
Substitute: Jorge Manuel Felizes Morgado

Shareholders' Remuneration Committee

SONAE, SGPS, S.A., represented by a person to be appointed by that company;
SONTEL, B.V., represented by a person to be appointed by that company

- Appointment of the audit firm Deloitte & Associados, SROC, SA, represented by Jorge Manuel Araújo de Beja Neves or by João Luís Falua Costa da Silva as Statutory External Auditor ("Revisor Oficial de Contas") of Sonaecom, SGPS, SA, for the mandate beginning in 2008 and ending in 2011;
- Change of Sonaecom's shares from book-entry bearer shares to book-entry registered shares and, as a consequence thereof, approval of the corresponding amendments to the Company's Articles of Association;
- Authorisation for Sonaecom SGPS, S.A. or companies which are directly or indirectly controlled (as defined in Article 486 of Portuguese Company Law) to purchase and hold shares issued by Sonaecom, within the limits permitted by law and exclusively for delivery to executive members of the Board of Directors and employees, under the terms of the Sonaecom Medium Term Incentive Plan.

The complete list of proposals is available in the Investor Relations section of our website (www.sonae.com).

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
www.sonae.com

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