SONAECOM

Results Announcement

1Q11

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

- Turnover of 215.8 million euros
- EBITDA of 50.0 million euros
- EBITDA-Operating Capex of 31.9 million euros
- Net results of 13.7 million euros
- Free cash flow (FCF) of 2.6 million euros and Net Debt to EBITDA of 1.5x (excluding extraordinary effect of VAT to be recovered)

Message from Ângelo Paupério, CEO of Sonaecom

The solid Sonaecom results of the first quarter of this year clearly strengthen our confidence in the strategy we have adopted and are evidence of the execution capacity of our team.

In the present macroeconomic environment, with the negotiations for the external financial support to the Portuguese economy going ahead at full speed, new austerity measures are being announced, with clear consequences across all sectors of activity.

At Optimus, in the current context of contention in consumption, considering the significant weight that telecommunications represent to family budgets and the obvious importance that both people and businesses attribute to communications, we believe that the best value propositions will have an even greater advantage, which will increase the resilience of our operation in a sector that is already resilient. Thanks to the continuous optimization of our cost structure, driven by the operating efficiency plan we have been implementing, our profitability margin improved, which has delivered an EBITDA growth of 4.9%, from 47.1 million euros to 49.4 million euros.

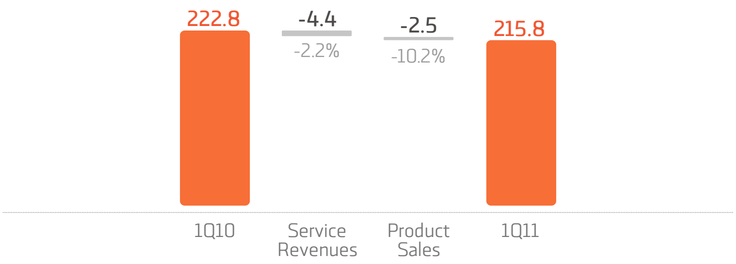
At SSI (Software and Information Systems) we kept expanding our international footprint. WeDo Technologies continued to implement its growth strategy, building the company's worldwide leadership in the telecommunications revenue assurance segment, complementing its portfolio of solutions for fraud management and broadening the range of its offers in new sectors of activity. Already in April, WeDo Technologies signed a deal with Turkcell Group to implement its flagship business assurance software RAID® across the entire group to allow Turkcell to eliminate data losses and financial losses resulting from inconsistencies in business support systems and network platforms.

For 2011, we will remain ever watchful for opportunities that may arise and will continually strive to establish Optimus as the best integrated telecommunications operator in Portugal, and we are confident that our profitability will maintain a positive performance, in line with what we have achieved during the first quarter of the year.

1. Consolidated results

Turnover

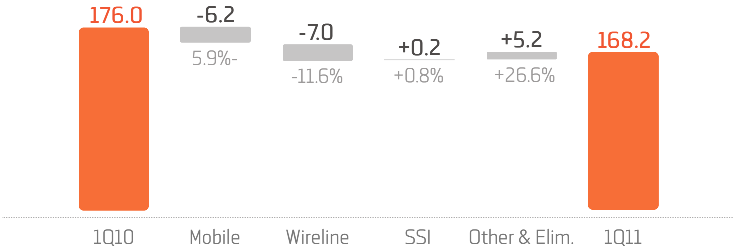
Consolidated turnover reached 215.8 million euros in 1Q11, 3.1% below 1Q10. The 1.3% increase in mobile customer revenues and the 14.9% increase in SSI service revenues didn't totally off-set the 10.2% reduction in the level of product sales, this last mainly due to the termination of Portugal's e-initiatives programme, and the 10.1% reduction in the level of Optimus operator revenues (as a result of MTRs and roaming-in regulated tariffs).



Operating costs

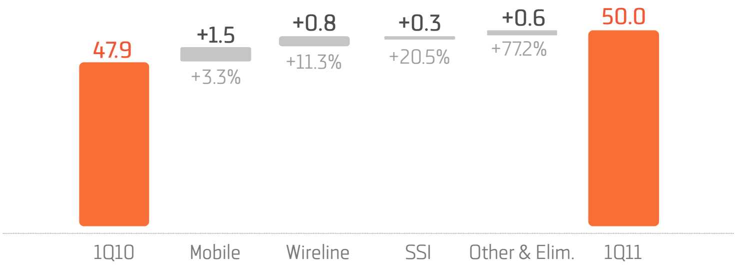
Since 2009, Optimus has been developing an optimization plan, aimed at creating efficiencies across the organization and our efforts have been producing results quarter after quarter. In 1Q11, total operating costs decreased 4.4% y.o.y. to 168.2 million euros and represent now around 76.8% of the consolidated turnover.

It should be noted that between 1Q10 and 1Q11, operating costs, excluding provisions, as percentage of turnover decreased 1.9pp. This clearly reflects the positive effects of our measures, which assume even more importance given the trend of our consolidated top line.



EBITDA

Consolidated EBITDA increased 4.3%, to 50.0 million euros, with all business units showing a positive performance. Our consolidated EBITDA margin reached 23.2%, 1.7pp above 1Q10, clearly reflecting the positive effects of our increased efficiency and the positive trend of mobile customer revenues and SSI service revenues. It should be noted that mobile EBITDA margin stood at 34.9%, a particularly positive achievement for our operation.

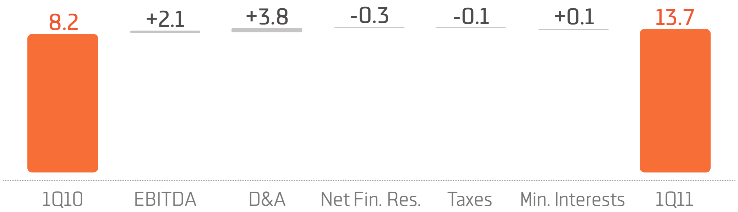


Net profit

Net results group share reached 13.7 million euros, increasing 67.4% when compared to 1Q10. The main drivers of this result were the improved EBITDA performance and the lower level of depreciation and amortisation.

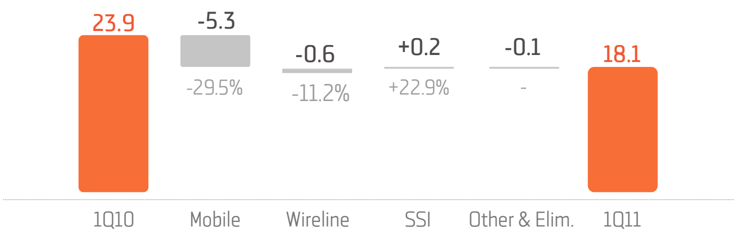
Net financial results decreased by 14.7% to a negative 2.3 million euros, mostly reflecting the higher level of financial expenses, 0.2 million euros above 1Q10, mainly due to the increase in the average cost of debt.

The tax line in 1Q11 showed a cost of 3.8 million euros, in line with the level registered in 1Q10, due to the recognition of deferred tax assets, notwithstanding the higher EBT level.



Operating CAPEX

Operating CAPEX reached 18.1 million euros in 1Q11, compared to 23.9 million euros in 1Q10. Despite our rigorous capex management, the quality of Optimus network has been regularly recognized by ICP-Anacom, awarding our priority of detaining the leading edge integrated network in Portugal. The 29.5% decrease in mobile operating capex, reflects the impact of some investments expected to be completed throughout the year. The 11.2% decrease in the wireline operating capex is the natural outcome of our 'capital light' positioning, aimed at pursuing alternative ways of expanding Optimus' fibre coverage without further investment.

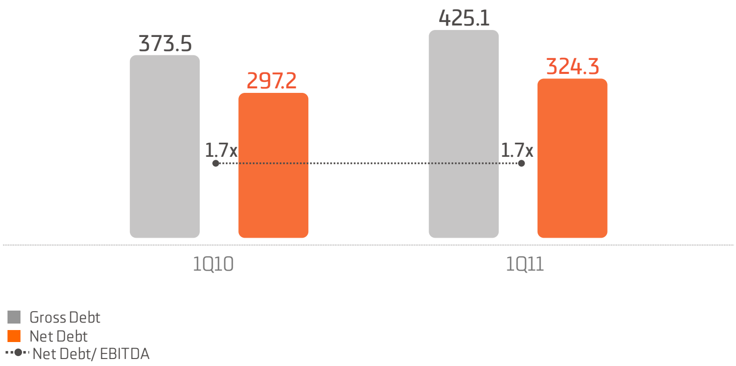


As a result of our performance in terms of revenues and CAPEX, operating CAPEX as percentage of turnover has decreased from 10.7% to 8.4%.

Capital structure

Sonaecom's capital structure assumes particular relevance given the uncertainty of the current financial markets. Consolidated net debt increased 9.1% y.o.y., to 324.3, mainly reflecting the FCF evolution between the two periods under analysis, impacted negatively by a 38 million euros VAT payment extraordinary effect, expected to be recovered during the second quarter. As regards Sonaecom gross debt, it has increased from 373.5 million euros to 425.1 million euros.

After the expected contractual maturity, in May 2011, of a Commercial Paper facility totalling 40 million euros, Sonaecom credit facilities will amount to 444 million euros and no refinancing needs are expected until July 2012.



In the 1Q11, the all-in average cost of debt was approximately 2.7%.

In terms of the evolution of key financial ratios, net debt to EBITDA reached 1.7x in 1Q11, at the same level registered in 1Q10, motivated by the abovementioned Net Debt evolution and the improved EBITDA performance.

Without the VAT extraordinary effect, 1Q11 Net Debt amounted to 286.5 million euros, decreasing 3.6% between 1Q10 and 1Q11; also, 1Q11 net Debt to EBITDA reached 1.5x, improving 0.2x y.o.y..

FCF

Despite our consistently improved EBITDA-operating CAPEX delivery, which reflects an increasingly higher EBITDA and a rigorously managed CAPEX, Consolidated FCF was impacted in the 1Q11 by an extraordinary effect driven by an intra group transaction within Sonaecom, which has caused a VAT payment of approximately 38 million euros, that we expect to recover in the second quarter, thus, not expected to generate any impact in 2011 FCF. Excluding this effect, the FCF level amounted to a positive 2.6 million euros, representing an increase of around 1.3 million euros when compared to 1Q10.

2. Optimus

- **Optimus EBITDA of 49.4 million euros, up by 4.9% y.o.y.**
- **Mobile subscriber base reached 3.61 million customers, up 4.5% when compared to 1Q10**
- **Optimus mobile EBITDA margin of 34.9%, +2.3pp y.o.y.**
- **Mobile customer revenues continued to rise, reaching 115.7 million euros, + 1.3% y.o.y.**
- **Data revenues increased to 31.2% of mobile service revenues in 1Q11, +1.7pp y.o.y.**

A resilient operator improving profitability
Optimus is a fully integrated operator, active in all segments of the Portuguese market, focused on mobile technologies, with a convergent approach to the corporate and SMEs segments and pursuing innovation and quality of service as its key differentiation drivers. Since its inception, Optimus has been clearly setting the market pace through the introduction of innovative and appealing offers.
Optimised in terms of costs and performance, Optimus network is supported over its own optical backbone network, with national coverage and serving transparently its access networks, continuously stimulating the launch of innovative services and solutions.

2.1. Optimus mobile business

The pace of the digital revolution continues to accelerate towards creating an Internet of people, places and things. The speed of change is driving the exponential growth of mobile services, catalysed by the social networking phenomenon and the expanding choice of terminals – phones, smartphones and tablets. We believe these forces will continue to trigger growth across the mobile data market.

2.1.1. Operational data

MOBILE OPERATIONAL KPI's	1Q10	1Q11	Δ 11/10	4Q10	q.o.q
Customers (EOP) ('000)	3449.8	3,605.8	4.5%	3604.1	0.0%
Net Additions ('000)	17.2	1.7	-90.0%	63.0	-97.3%
Data as % Service Revenues	29.6%	31.2%	1.7pp	32.4%	-1.2pp
Total #SMS/month/user	48.2	42.2	-12.4%	47.7	-11.5%
MOU(1) (min.)	134.4	125.5	-6.6%	133.5	-6.0%
ARPU(2) (euros)	13.7	12.6	-7.7%	13.3	-4.8%
Customer Monthly Bill	11.4	11.0	-3.7%	11.3	-2.9%
Interconnection	2.3	1.7	-27.5%	2.0	-15.7%
ARPM(3) (euros)	0.10	0.10	-1.2%	0.10	1.3%

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

Customer base
During 1Q11, Sonaecom's mobile customer base increased by 4.5%, to 3.61 million customers, with net additions achieving 1.7 thousand in 1Q11, below the typically low acquisition level in the beginning of the year, mainly driven by voice. Our contract customers continued to rise, reaching approximately 33.2% of total mobile base, an increase of 1.2pp compared to the end of 1Q10.
Mobile customer's ARPU stood at 12.6 euros, down by approximately 1.1 euros against 1Q10, explained by a combination of lower interconnection revenues, which decreased from 2.3 euros to 1.7 euros, and lower customer monthly bill which decreased from 11.4 euros to 11.0 euros. The level of MOUs decreased 6.6% y.o.y., to 126 minutes per month.

Data services and mobile broadband

By the end of 1Q11, data revenues represented 31.2% of service revenues, an improvement of 1.7pp against the end of 1Q10. This achievement is fully in line with the current trend in terms of data usage. Also, non-SMS related data services continued to raise their weight, accounting for approximately 76.7% of total data revenues in 1Q11 versus 74.6% in 1Q10. Going forward, it should be considered that during 1Q11, the Portuguese government ended the e-initiatives programme.

2.1.2. Financial data

Million euros

MOBILE INCOME STATEMENT	1Q10	1Q11	Δ 11/10	4Q10	q.o.q
Turnover	**142.5**	**137.4**	**-3.5%**	**151.9**	**-9.6%**
Service Revenues	137.4	133.4	-3.0%	137.8	-3.2%
Customer Revenues	114.3	115.7	1.3%	117.2	-1.3%
Operator Revenues	23.2	17.7	-23.8%	20.6	-14.3%
Equipment Sales	5.0	4.0	-19.5%	14.1	-71.4%
Other Revenues	**8.3**	**8.7**	**4.5%**	**9.2**	**-5.0%**
Operating Costs	**104.4**	**98.2**	**-5.9%**	**118.1**	**-16.8%**
Personnel Costs	13.0	13.4	3.0%	12.1	10.0%
Direct Servicing Costs(1)	44.9	36.2	-19.3%	40.2	-10.0%
Commercial Costs(2)	20.4	21.4	4.6%	36.0	-40.6%
Other Operating Costs(3)	26.2	27.3	4.3%	29.7	-8.2%
EBITDA	**46.4**	**47.9**	**3.3%**	**43.0**	**11.4%**
EBITDA Margin (%)	32.6%	34.9%	2.3pp	28.3%	6.6pp
Operating CAPEX(4)	17.9	12.6	-29.5%	32.0	-60.7%
Operating CAPEX as % of Turnover	12.5%	9.2%	-3.4pp	21.1%	-11.9pp
EBITDA - Operating CAPEX	28.5	35.3	23.8%	11.0	-
Total CAPEX	18.0	12.6	-29.9%	40.9	-69.2%

(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 + Provisions + others; (4) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

Turnover

Mobile customer revenues maintained its increasing trend, reaching 115.7 million euros and achieving a yearly increase of 1.3%. Nonetheless, mobile turnover decreased y.o.y. to, approximately, 137.4 million euros, due to a decline in the level of operator revenues, fully driven by regulated tariffs and equipment sales.

Operating costs

As a result of Optimus operational efficiency plan, pursuing a leaner organisation, mobile operating costs decreased 5.9% y.o.y., to 98.2 million euros, totally motivated by a 19.3% decrease in the level of direct servicing costs. This last, evolved negatively benefiting from a lower level of interconnection costs, driven by a lower level of mobile termination rates and a lower level of leased lines. The level of commercial costs increased 4.6% in 1Q11, driven by a higher level of commissions, due to an enlarged activity in the business segment, notwithstanding the lower level of cost of goods sold and other commercial costs. The level of other operating costs increased 4.3% y.o.y., driven mostly by the positive evolution registered in the level of provisions, which offsets the reductions registered mainly in outsourcing costs (related with Optimus call centre). Between 1Q10 and 1Q11, mobile provisions increased from a considerably lower level of 0.2 million euros to 4.1 million euros.

EBITDA

Mobile EBITDA increased y.o.y. from 46.4 million euros to 47.9 million euros, driven by a 1.3% increase in mobile customer revenues and, mostly, due to a 5.9% decrease in the level of operating costs.

Importantly, EBITDA margin reached 34.9% in 1Q11, against 32.6% in 1Q10. This achievement gives evidence of the ability of our business to deliver robust margins, consistently above 30%, an achievement that assumes particular importance not only given our market share but also given the prevailing macro conditions.

2.2. Optimus wireline business

In the corporate and SMEs segment, a significantly important segment of the wireline business, we continue to leverage our growth through the demand for convergent solutions. Our positioning, which comprises an integrated architecture is the best way to address and anticipate our enterprise customers requirements.
As regards the residential segment, we will keep focusing on value growth in terms of our fibre-to-the-home (FTTH) subscriber base, while leveraging our infrastructure and partnerships. Through the partnership with Vodafone Portugal we are already benefiting from an expanded coverage, expected to evolve through the next quarters up to 400 thousand homes passed.

2.2.1. Operational data

WIRELINE OPERATIONAL KPI's	1Q10	1Q11	Δ 11/10	4Q10	q.o.q
Total Acesses	**463,853**	**399,011**	**-14.0%**	**417,066**	**-4.3%**
Direct Accesses	**385,533**	**327,406**	**-15.1%**	**344,631**	**-5.0%**
Direct Voice	207,285	175,928	-15.1%	185,294	-5.1%
Direct Broadband	131,611	94,933	-27.9%	104,819	-9.4%
Other Direct Services	46,637	56,545	21.2%	54,518	3.7%
Indirect Accesses	**78,320**	**71,605**	**-8.6%**	**72,435**	**-1.1%**
Unbundled COs with transmission	203	206	1.5%	206	0.0%
Unbundled COs with ADSL2+	182	182	0.0%	182	0.0%
Direct access as % Cust. Revenues [(1)]	79.0%	78.8%	-0.3%	79.1%	-24.3%
Average Revenue per Access - Retail	23.5	24.1	2.9%	24.2	-0.4%

(1) Due to a change in the classification criteria of Other Customer Revenues, the level of Direct Access Revenues was restated between 4Q09 and 3Q10.

Customer base

The Corporate and SMEs segment continued to increase its market presence, with the number of accesses evolving from 141 thousand to 153 thousand, rising 8.3% between 1Q10 and 1Q11. Not only we are increasing our presence in this particular segment but we are also growing the penetration of our convergent offers. The percentage of customers subscribing both fixed and mobile services has been increasing considerably, which gives evidence of the importance of our positioning as an integrated and convergent operator.

Driven entirely by the residential business, the number of total accesses decreased 14% y.o.y. to 399 thousand accesses. This fall was due to a 15.1% decrease in direct accesses, now also impacted by the decision to abandon residential customer acquisition through Portugal Telecom's infrastructure, namely through ULL, and a 8.6% reduction in indirect accesses.

2.2.2. Financial data

Million euros WIRELINE INCOME STATEMENT	1Q10	1Q11	Δ 11/10	4Q10	q.o.q
Turnover	**60.9**	**54.7**	**-10.2%**	**57.0**	**-4.0%**
Service Revenues	60.8	54.6	-10.2%	56.5	-3.3%
Customer Revenues	31.8	27.7	-13.0%	29.2	-5.2%
Direct Access Revenues (1)	25.2	21.8	-13.2%	23.1	-5.5%
Indirect Access Revenues	6.5	5.7	-12.0%	5.9	-3.8%
Other (1)	0.2	0.1	-16.5%	0.2	-16.7%
Operator Revenues	28.9	26.9	-7.0%	27.3	-1.3%
Equipment Sales	0.1	0.1	-21.8%	0.5	-85.2%
Other Revenues	**0.1**	**0.1**	**-5.4%**	**0.9**	**-89.1%**
Operating Costs	**60.3**	**53.3**	**-11.6%**	**57.6**	**-7.5%**
Personnel Costs	1.0	0.7	-30.1%	1.1	-35.5%
Direct Servicing Costs(2)	39.4	37.5	-4.8%	37.1	1.1%
Commercial Costs(3)	4.3	3.9	-9.6%	6.7	-41.1%
Other Operating Costs(4)	15.5	11.1	-28.3%	12.8	-12.7%
EBITDA	**0.7**	**1.5**	**112.5%**	**0.3**	**-**
EBITDA Margin (%)	1.2%	2.7%	1.6pp	0.5%	2.3pp
Operating CAPEX(4)	5.3	4.7	-11.2%	9.5	-50.6%
Operating CAPEX as % of Turnover	8.7%	8.6%	-0.1pp	16.6%	-8.1pp
EBITDA - Operating CAPEX	-4.6	-3.2	30.3%	-9.2	65.5%
Total CAPEX	5.3	4.7	-11.2%	9.5	-50.6%

(1) Due to a change in the classification criteria of Other Customer Revenues, the levels of Other Customer Revenues and Direct Access Revenues were restated between 4Q09 and 3Q10; (2) Direct Servicing Costs = Interconnection and Content + Leased Lines + Other Network Operating Costs; (3) Commercial Costs = COGS + Mktg & Sales Costs; (4) Other Operating Costs = Outsourcing Services + G&A + Provisions + others; (5) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

Turnover

Wireline turnover decreased 10.2% y.o.y. to 54.7 million euros, driven by a reduction of 13.0% in the level of customer revenues, to 27.7 million euros, and a reduction of 7.0% in the level of operator revenues, to 26.9 million euros.

Operating costs

Wireline operating costs decreased 11.6% y.o.y. to 53.3 million euros. The level of direct servicing costs decreased 4.8% y.o.y. mostly as a result of our efforts to restructure our wireline residential business unit. Commercial costs decreased 9.6% due to lower marketing and sales costs, consequence of our recent decision of abandon customer acquisition through the incumbent infrastructure.
Meanwhile, the level of other operating costs decreased 28.3%, benefiting from a lower level of provisions, which decreased to 1.4 million euros, in 1Q11, from 3.6 million euros, in 1Q10, required to reinforce the level of provisions for bad debt at the time.

EBITDA

As a result of our performance in terms of revenues and costs, 1Q11 wireline EBITDA was positive by 1.5 million euros, increasing considerably against 1Q10. The EBITDA margin increased 1.6pp, from 1.2% to 2.7%.
Although still negative, EBITDA-operating CAPEX increased 1.4 million euros between the two periods under analysis, as a consequence of a higher level of EBITDA and lower level of operating CAPEX.

3. Software and Information Systems (SSI)

SSI business model relies on a strategy of capital development, launching new companies with high growth potential and investing in IT/IS companies, privileging post start-up, internationally oriented and highly focused assets.

Currently, our SSI division comprises four companies: WeDo Technologies, a provider of business assurance solutions addressing the optimisation of business performance and risk management systems and processes; Mainroad, which specialises in IT management, security and business continuity; Bizdirect, which provides value-added IT products; and Saphety, which focuses on business process automation, electronic invoicing and security in B2B transactions.

WeDo Technologies continued to consolidate its international presence and grow its leading position in the international revenue assurance market, while enlarging its offer to fraud solutions as well as addressing other sectors of activity.

Presently, WeDo Technologies has more than 100 clients in 78 countries. In 1Q11, WeDo Technologies' international revenues already represented 69% of its turnover and the volume of its international revenues grew 8.3% between 1Q10 and 1Q11, evidence that its focus on enlarging the international footprint continues to deliver positive results.

3.1. Operational data

SSI OPERATIONAL KPI's	1Q10	1Q11	Δ 11/10	4Q10	q.o.q
IT Service Revenues/Employee(1) ('000 euros)	29.2	32.5	11.3%	34.5	-5.9%
Equipment Sales as % Turnover	52.1%	45.9%	-6.2pp	51.9%	-6.0pp
Equipment Sales/Employee(2) ('000 euros)	739.7	605.0	-18.2%	837.0	-27.7%
EBITDA/Employee ('000 euros)	2.9	3.4	15.6%	4.7	-28.4%
Employees	534	572	7.1%	565	1.2%

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

IT service revenues per employee reached 32.5 thousand euros in 1Q11, 11.3% above 1Q10, while equipment sales per employee decreased y.o.y. by around 18.2%. This fall was primarily due to the anticipated drop in equipment sales following the deceleration of e-initiatives programme. Now that the end of this programme was announced by the Portuguese government, we are anticipating that this decreasing trend will become more pronounced during the following quarters of 2011.

SSI's total headcount increased to 572 employees, rising 7.1% y.o.y.. This was due to the need for additional internal consultants to support the increased level of activity across all subsidiaries; the integration of employees from Softlimits' B2B unit, Mercados Electrónicos, back in 3Q10; and WeDo Technologies' growing international footprint.

As a consequence of our EBITDA performance, which has grown more than the number of employees, EBITDA per employee reached 3.4 thousand euros in 1Q11, increasing 12.5% y.o.y..

3.2. Financial data

Million euros

SSI CONSOLIDATED INCOME STATEMENT	1Q10	1Q11	Δ 11/10	4Q10	q.o.q
Turnover	**32.4**	**33.0**	**1.6%**	**40.2**	**-18.0%**
Service Revenues	15.5	17.8	14.9%	19.3	-7.7%
Equipment Sales	16.9	15.1	-10.6%	20.9	-27.6%
Other Revenues	**0.1**	**0.2**	**43.0%**	**0.2**	**-20.1%**
Operating Costs	**31.0**	**31.2**	**0.8%**	**37.8**	**-17.4%**
Personnel Costs	7.4	7.6	2.1%	7.2	6.0%
Commercial Costs(1)	16.6	15.1	-9.3%	20.7	-27.0%
Other Operating Costs(2)	6.9	8.5	23.8%	9.9	-14.3%
EBITDA	**1.6**	**1.9**	**20.5%**	**2.6**	**-27.6%**
EBITDA Margin (%)	4.9%	5.8%	0.9pp	6.6%	-0.8pp
Operating CAPEX(3)	0.7	0.9	22.2%	1.9	-55.4%
Operating CAPEX as % of Turnover	2.2%	2.6%	0.4pp	4.8%	-2.2pp
EBITDA - Operating CAPEX	0.9	1.1	19.1%	0.7	47.1%
Total CAPEX	0.7	0.9	22.2%	1.9	-55.4%

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

Turnover

SSI turnover increased y.o.y. by 1.6% to 33.0 million euros, driven by an increase of 14.9% in the level of service revenues, which was partially offset by a decrease of 10.6% in the level of equipment sales. This last, due to the anticipated slowdown of laptop sales under the e-initiatives programme, terminated during the 1Q11. Importantly, the level of service revenues increased y.o.y. by 14.9% to 17.8 million euros. WeDo Technologies' international expansion, along with its determination to reinforce its leadership in the revenue assurance market, was among the key growth drivers.

Operating costs

SSI operating costs increased y.o.y. by 0.8% to 31.2 million euros, despite the 9.3% decrease in the level of commercial costs, mainly cost of goods sold, a direct consequence of the lower level of laptop sales under the e-initiatives programme. The increase in personnel costs and other operating costs, mostly outsourcing costs, was driven by higher levels of activity and, particularly, by the expansion of WeDo Technologies' international footprint.

EBITDA

During 1Q11, SSI EBITDA evolved positively to 1.9 million euros, increasing 20.5% when compared with 1Q10, as a consequence of the 14.9% rise in service revenues. This was achieved despite the enlarged cost structure to support increased international activity and the lower equipment sales due to the anticipated deceleration of the e-initiatives programme.

As a result of the combination of higher service revenues and lower equipment sales, the EBITDA margin increased y.o.y. from 4.9% to 5.8%.

4. Online & Media

Sonaecom's Online & Media business comprises a set of additional businesses such as Miau.pt, Público, a leading Portuguese daily newspaper that has completed recently 21 years, and Público.pt, at the digital forefront of the Portuguese online press.

During 1Q11, the market dynamics in the daily generalist press sector remained very challenging, both in terms of circulation and advertising figures. Nonetheless, it is worth highlighting the 0.1pp positive evolution registered by Público in terms of audience percentage between 1Q10 and 1Q11.

As regards the financial performance, Online & Media's 1Q11 EBITDA was still negative by 0.79 million euros, decreasing by 0.35 million euros when compared with 1Q10.

5. Main regulatory developments in 1Q11

These are some of the most significant regulatory developments during 1Q11:

Auction for the 450, 800, 900, 1800 MHz e 2.1 e 2.6 GHz bands

ANACOM launched two public consultations related with the future allocation of frequencies for the 450, 800, 900, 1800 MHz e 2.1 e 2.6 GHz bands.
The first consultation defines the blocks to be assigned for each band and the choice for an allocation procedure through auction and the second consultation addresses the auction rules and conditions.

Universal service: methodology to assess the net costs of the service provision and definition of unfair burden

ANACOM launched two public consultations: one regarding the definition of a methodology for assessing the net costs of universal service and the other regarding the definition of 'unfair burden'.
For the net cost assessment, ANACOM proposal is based on the relationship between direct net costs and indirect benefits (related to the provision of the universal service). It also proposes that each component (provision of access at a fixed location, directory services and directories, public payphones and social tariffs) should be calculated individually and that the net cost should result from the sum of the losses of each component (whenever such loss is deemed to exist – e.g. positive results should not be taken into consideration).
Regarding the concept of unfair burden, ANACOM proposes that whenever the market share of the universal service provider is less than 80% (in terms of revenues) and the net cost is greater than 4 million euros such claim may be made.

6. Main corporate developments in 1Q11

These were some of the most significant corporate developments during 1Q11:

Reduction of "Santander Asset Management – Sociedade Gestora de Fundos de Investimento Mobiliários, S.A." stake in Sonaecom

18 February 2011

Sonaecom received a communication from "Santander Asset Management – Sociedade Gestora de Fundos de Investimento Mobiliários, S.A.", stating that funds managed by this institution held, since 16 February 2011, 3,732,774 shares, corresponding to 1.019% of the share capital and voting rights of Sonaecom; thereby losing its qualified participation above 2%.

Acquisition of own shares

10 March to 22 March 2011

In accordance with the authorisations granted by the Shareholders' General Meeting and for the purpose of fulfilling the obligations arising from the employees' Medium Term Incentive Plan, Sonaecom purchased, through the Euronext Lisbon Stock Exchange, a total of 1,553,000 shares representing approximately 0.42% of its share capital. As of 31 March 2011, Sonaecom held 9,058,807 own shares, representing approximately 2.47% of its share capital.

7. Subsequent events

Sonaecom shareholders have decided, at the Company's Annual General Meeting held on 26 April 2011:

1. To approve the Annual Report and Individual and Consolidated Accounts of Sonaecom, SGPS, S.A., for the year ended 31 December 2010, as presented.

2. To approve the proposed application of the 2010 Net Profit in the individual accounts of € 135,403,787.41, as follows:
   i) € 6,770,189.37 to Legal Reserve;
   ii) A dividend of € 18,312,343, corresponding to a gross value of 0.05 Euros per share in respect of the total number of shares issued, but excluding own shares held by the Company at the date of the payment;
   iii) The remaining value to be added to Accumulated Distributable Reserves.

   Additionally it was approved that, as it is not possible to determine the exact number of own shares that will be held by the Company on the above payment date, without limiting the Company's capacity to transact shares in the meantime, for clarification purposes:
   i) For each share issued, a gross amount of 0.05 Euros shall be paid;
   ii) No payment shall be made in respect of own shares held by the Company on the above payment date and the equivalent gross amount of 0.05 Euros will be added to Accumulated Distributable Reserves.

3. To approve a vote to express appreciation for and confidence in the work performed by the Board of Directors, Statutory Audit Board and Statutory External Auditor of Sonaecom, SGPS, S.A., during the year ended 31 December 2010.

4. To approve the proposed Remuneration Policy to be adopted for the Management, Auditing Bodies and for Persons discharging managerial responsibilities ("Dirigentes").

5. To approve the proposal to amend the company's articles of association.

6. To authorize the Board of Directors to, over the next 18 months and subject to the limits established by law, purchase and sell own shares, under the terms of the proposal that was presented by the Board and previously disclosed.

7. To authorize the purchase and holding of shares of the Company, over the next 18 months, by companies directly or indirectly controlled by the Company, under the terms of the proposal that was presented by the Board and previously disclosed.

8. Appendix

8.1. Sonaecom consolidated income statement

Million euros CONSOLIDATED INCOME STATEMENT	1Q10	1Q11	Δ 11/10	4Q10	q.o.q
Turnover	**222.8**	**215.8**	**-3.1%**	**236.6**	**-8.8%**
Mobile	142.5	137.4	-3.5%	151.9	-9.6%
Wireline	60.9	54.7	-10.2%	57.0	-4.0%
SSI	32.4	33.0	1.6%	40.2	-18.0%
Other & Eliminations	-13.0	-9.2	29.3%	-12.5	26.4%
Other Revenues	**1.1**	**2.4**	**109.2%**	**3.6**	**-34.1%**
Operating Costs	**176.0**	**168.2**	**-4.4%**	**195.2**	**-13.8%**
Personnel Costs	24.5	24.3	-0.5%	22.7	7.2%
Direct Servicing Costs(1)	71.1	64.4	-9.3%	65.6	-1.8%
Commercial Costs(2)	42.2	40.9	-2.9%	64.4	-36.4%
Other Operating Costs(3)	38.3	38.5	0.6%	42.4	-9.2%
EBITDA	**47.9**	**50.0**	**4.3%**	**45.0**	**11.0%**
EBITDA Margin (%)	21.5%	23.2%	1.6pp	19.0%	4.1pp
Mobile	46.4	47.9	3.3%	43.0	11.4%
Wireline	0.7	1.5	112.5%	0.3	-
SSI	1.6	1.9	20.5%	2.6	-27.6%
Other & Eliminations	-0.8	-1.4	-77.2%	-0.9	-52.1%
Depreciation & Amortization	34.0	30.2	-11.2%	31.4	-3.6%
EBIT	**13.9**	**19.7**	**42.3%**	**13.7**	**44.4%**
Net Financial Results	**-2.0**	**-2.3**	**-14.7%**	**0.1**	**-**
Financial Income	1.5	1.5	-0.8%	3.8	-61.5%
Financial Expenses	3.5	3.7	8.0%	3.7	0.3%
EBT	**11.9**	**17.5**	**46.9%**	**13.8**	**26.8%**
Tax results	-3.7	-3.8	-3.0%	-2.3	-65.3%
Net Results	**8.2**	**13.7**	**66.7%**	**11.5**	**19.1%**
Group Share	8.2	13.7	67.4%	11.5	19.1%
Attributable to Minority Interests	0.1	0.0	-45.8%	0.0	17.0%

(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 + Provisions + others.

8.2. Sonaecom consolidated balance sheet

Million euros					
CONSOLIDATED BALANCE SHEET	1Q10	1Q11	Δ 11/10	4Q10	q.o.q
Total Net Assets	**1,910.6**	**1,853.2**	**-3.0%**	**1,861.9**	**-0.5%**
Non Current Assets	1,493.7	1,485.3	-0.6%	1,501.4	-1.1%
Tangible and Intangible Assets	847.1	852.3	0.6%	865.3	-1.5%
Goodwill	526.1	526.1	0.0%	526.1	0.0%
Investments	1.2	0.2	-82.4%	0.2	0.0%
Deferred Tax Assets	119.1	106.4	-10.7%	109.6	-2.9%
Others	0.1	0.2	73.7%	0.0	-
Current Assets	417.0	368.0	-11.7%	360.5	2.1%
Trade Debtors	143.3	106.2	-25.8%	143.3	-25.9%
Liquidity	76.3	100.8	32.1%	68.6	47.0%
Others	197.4	160.9	-18.5%	148.6	8.3%
Shareholders' Funds	**941.5**	**987.7**	**4.9%**	**975.3**	**1.3%**
Group Share	941.1	987.2	4.9%	974.7	1.3%
Minority Interests	0.4	0.5	24.5%	0.6	-16.9%
Total Liabilities	**969.1**	**865.5**	**-10.7%**	**886.6**	**-2.4%**
Non Current Liabilities	459.9	454.1	-1.3%	400.7	13.3%
Bank Loans	328.5	363.2	10.6%	305.0	19.1%
Provisions for Other Liabilities and Charges	31.8	33.6	5.7%	33.2	1.5%
Others	99.6	57.3	-42.5%	62.5	-8.3%
Current Liabilities	509.2	411.4	-19.2%	485.9	-15.3%
Bank Loans	21.6	41.1	90.5%	30.9	32.7%
Trade Creditors	194.1	146.6	-24.5%	178.7	-18.0%
Others	293.5	223.7	-23.8%	276.2	-19.0%
Operating CAPEX(1)	23.9	18.1	-24.5%	43.4	-58.4%
Operating CAPEX as % of Turnover	10.7%	8.4%	-2.4pp	18.3%	-10.0pp
Total CAPEX	24.1	18.1	-24.9%	52.3	-65.4%
EBITDA - Operating CAPEX	24.0	31.9	33.1%	1.6	-
Operating Cash Flow(2)	12.4	-26.0	-	7.4	-
FCF(3)	1.3	-35.2	-	1.1	-
Gross Debt	373.5	425.1	13.8%	357.4	18.9%
Net Debt	297.2	324.3	9.1%	288.8	12.3%
Net Debt/ EBITDA last 12 months	1.7 x	1.7 x	0.0x	1.5 x	0.2x
EBITDA/Interest Expenses(4) (last 12 months)	11.3 x	14.6 x	3.3x	14.4 x	0.2x
Debt/Total Funds (Debt + Shareholders' Funds)	28.4%	30.1%	1.7pp	26.8%	3.3pp
Excluding the Securitisation Transaction:					
Net Debt	371.0	378.6	2.0%	348.1	8.8%
Net Debt/ EBITDA last 12 months	2.1 x	1.9 x	-0.2x	1.8 x	0.1x
EBITDA/Interest Expenses(4) (last 12 months)	11.3 x	14.6 x	3.3 x	14.4 x	1.4x

(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.

8.3. Sonaecom levered FCF

Million euros					
LEVERED FREE CASH FLOW	1Q10	1Q11	Δ 11/10	4Q10	q.o.q
EBITDA-Operating CAPEX	**24.0**	**31.9**	**33.1%**	**1.6**	**-**
Change in WC	-11.9	-20.9	-75.6%	6.6	-
Non Cash Items & Other	0.3	1.4	-	-0.8	-
Operating Cash Flow	**12.4**	**12.4**	**0.4%**	**7.4**	**67.4%**
VAT one-off payment	0.0	-37.8	-	0.0	-
Securitisation Transaction	-5.0	-5.0	0.0%	-5.0	0.0%
Own shares	-3.0	-2.2	24.7%	-1.4	-53.6%
Financial results	-2.4	-1.9	18.4%	-1.9	-3.0%
Income taxes	-0.7	-0.7	0.0%	-1.4	48.2%
FCF	**1.3**	**-35.2**	**-**	**1.1**	**-**

Note: Operating Cash Flow does not include non recurrent VAT payments.

8.4. Headcount

Sonaecom	1Q10	1Q11	Δ 11/10	4Q10	q.o.q
Total Employees	2,053	2,074	1.0%	2,057	0.8%
Shared Services and Corporate Centre	144	141	-2.1%	141	0.0%
Telecommunications	1,119	1,100	-1.7%	1,099	0.1%
SSI	534	572	7.1%	565	1.2%
Online & Media	256	261	2.0%	252	3.6%

8.5. Optimus consolidated income statement

Million euros

OPTIMUS INCOME STATEMENT	1Q10	1Q11	Δ 11/10	4Q10	q.o.q
Turnover	**190.4**	**182.8**	**-4.0%**	**197.2**	**-7.3%**
Service Revenues	185.3	178.7	-3.6%	182.7	-2.2%
Customer Revenues	145.6	143.0	-1.8%	146.0	-2.1%
Operator Revenues	39.7	35.7	-10.1%	36.6	-2.7%
Equipment Sales	5.1	4.1	-19.3%	14.6	-71.8%
Other Revenues	**1.6**	**3.2**	**97.9%**	**4.0**	**-20.6%**
Operating Costs	**144.9**	**136.5**	**-5.8%**	**158.0**	**-13.6%**
Personnel Costs	14.0	14.0	0.5%	13.2	5.9%
Direct Servicing Costs(1)	71.2	64.3	-9.8%	65.5	-2.0%
Commercial Costs(2)	24.8	25.3	2.1%	42.7	-40.7%
Other Operating Costs(3)	35.0	32.9	-5.8%	36.6	-10.0%
EBITDA	**47.1**	**49.4**	**4.9%**	**43.2**	**14.4%**
EBITDA Margin (%)	24.8%	27.1%	2.3pp	21.9%	5.1pp
Operating CAPEX(4)	23.5	17.3	-26.2%	41.3	-58.1%
Operating CAPEX as % of Turnover	12.3%	9.5%	-2.8pp	21.0%	-11.5pp
EBITDA - Operating CAPEX	23.7	32.1	35.7%	1.9	-
Total CAPEX	23.6	17.4	-26.5%	50.2	-65.4%

(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 + Provisions + others; (4) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

8.6. Online & Media

PÚBLICO OPERATIONAL KPI's	1Q10	1Q11	Δ 11/10	4Q10	q.o.q
Average Paid Circulation(1)	32,480	32,384	-0.3%	34,994	-7.5%
Market Share of Advertising (%)	10.4%	8.0%	-2.4pp	10.7%	-2.7pp
Audience(2) (%)	4.4	4.5	0.1pp	4.4	0.1pp

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

Million euros

ONLINE & MEDIA CONS. INCOME STATEMENT	1Q10	1Q11	Δ 11/10	4Q10	q.o.q
Turnover	**7.38**	**6.54**	**-11.4%**	7.76	**-15.8%**
Advertising Sales(1)	3.08	2.64	-14.1%	3.22	-18.0%
Newspaper Sales	2.56	2.42	-5.5%	2.77	-12.7%
Paper Sales	0.58	0.35	-40.0%	0.35	-2.2%
Associated Product Sales	1.17	1.13	-3.2%	1.41	-20.1%
Other Revenues	**0.05**	**0.10**	**100.1%**	**0.22**	**-57.0%**
Operating Costs	**7.87**	**7.42**	**-5.7%**	**8.24**	**-9.9%**
Personnel Costs	2.65	2.66	0.4%	2.71	-1.7%
Commercial Costs(2)	2.62	2.30	-12.0%	2.84	-18.9%
Other Operating Costs(3)	2.59	2.45	-5.4%	2.68	-8.6%
EBITDA	**-0.44**	**-0.79**	**-79.6%**	**-0.25**	-
EBITDA Margin (%)	-6.0%	-12.1%	-6.1pp	-3.3%	-8.8pp
Operating CAPEX(4)	0.13	0.11	-19.2%	0.20	-47.1%
Operating CAPEX as % of Turnover	1.8%	1.6%	-0.2pp	2.6%	-1.0pp
EBITDA - Operating CAPEX	-0.57	-0.90	-56.6%	-0.46	-96.8%
Total CAPEX	0.13	0.11	-19.2%	0.21	-48.3%

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

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.

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