SONAECOM THIRD QUARTER 2007 RESULTS

JULY – SEPTEMBER

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Notes:

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

(ii) Enabler was sold on 30 June 2006 and, in order to facilitate comparisons of YTD results against the previous year, the 9M06 comparative figures have been restated ($9M06^{R}$) to exclude Enabler's contribution and associated capital gain to Sonaecom and to the Software and Systems Information Division (SSI) Consolidated Results. All comparisons, when stated, are made on this "like-for-like" basis.

1. Message from Ângelo Paupério, CEO of Sonaecom

Sonaecom delivered another good set of operational and financial results during 3Q07 driven by good performances at our telecoms businesses and at SSI:

- Significant growth in Active Customers at Optimus (+11.8%) and total services at Sonaecom Fixed (+15.0% on a like-for-like basis) against 3Q06;
- Continued growth of customer revenues and at an even higher year-on-year pace than in 2Q07; up 16.8% or 13.1% excluding recent acquisitions;
- EBITDA improved by 3.5%, notwithstanding the negative impacts of lower roaming in tariffs, lower MTRs and the cost of growth;
- Record EBITDA at Sonaecom Fixed despite the expected marginally negative contribution from the recent acquisitions;
- Strong EBITDA result at SSI that improved by 93.2% against 3Q06.
- Net results group share reached 7.6 million euros, the highest result ever excluding 2Q06 when we accounted for the capital gain from the sale of Enabler.

The quarter was an active one for Sonaecom during which we received formal non-opposition from the Portuguese Competition Authority for our acquisition of both Tele2 Portugal and Oni's Residential and SOHOs customer base. These acquisitions represent an important step in our growth ambitions enhancing the significant organic growth achieved by Sonaecom Fixed during the last 18 months. In addition, at the end of the quarter, WeDo acquired Cape Technologies, an Irish company that specialises in revenue assurance for telecoms companies. With this acquisition, WeDo becomes the worldwide leader in this segment. Other relevant corporate developments were achieved during this quarter, including the negotiation of a 250 million euros committed underwritten Commercial Paper Programme which has allowed us to refinance Optimus' 325 million term facility and will lead to improved cash management and greater financial flexibility. We also began the process to merge our mobile and fixed divisions which will lead to greater operating flexibility in terms of how we address the market and will generate efficiency gains in the future.

Our Telco companies performed well during the quarter when compared to 3Q06, particularly in terms of customer growth and customer revenues. Optimus increased active customers by 11.8% and customer revenues by 9.0% with both Kanguru and Optimus Home contributing important shares of this growth. Total services at Sonaecom Fixed increased significantly to 798.5 thousand including the acquisitions of Tele2 and Oni customers while direct services and customer revenues grew by 42.2% and 27.0% respectively on a like-for-like basis. Sonaecom Fixed continued to strengthen its broadband strategy with IPTV and Home Video services. As a result of organic growth, and despite the costs of growth and the marginally negative contribution from recent acquisitions, EBITDA reached a record level of 3.6 million euros in the quarter.

SSI delivered solid results, underpinned by WeDo's performance that achieved an EBITDA margin of 15.9% in 3Q07. SSI also benefited from a capital gain of 3 million euros generated from the sale of its minority stake in "Despegar", a Latin American on-line travel agency.

Público continued to face a very challenging market which has severely restricted top-line growth. Having successfully completed its restructuring programme, with visible savings in fixed costs, and, after the launch of its redesigned new-look all colour newspaper, Público has continued to face a significant challenge to grow revenues, particularly advertising revenues which have been hit by pressure on circulation and by the competitive pressure from free newspapers. A concerted effort will be made to improve Público's commercial performance both in terms of circulation and advertising revenues.

As regards the dynamics and regulation of the Portuguese market, we will continue to be vigilant in order to ensure that the planned spin-off of PTM from Portugal Telecom achieves the objectives announced by the government and regulators - i.e. a total and true separation with independent Boards and management, with a clearly different shareholder base from PT and with transparency in the commercial relationship between the two companies. All this is required in order to guarantee competition and to meet consumers' best interests. It will also be important to ensure that the public bidding contest for the granting of DTT license is implemented in a way that will be fair and will stimulate competition with clear benefits for the consumer.

Finally, I would like to mention that, as agreed with the Government in relation to our UMTS license obligations, Optimus has developed a Mobile Broadband offer which we believe will further stimulate the development of the information society in Portugal.

2. Quarterly highlights

During 3Q07, Sonaecom was able to build on the strong growth platform achieved during 1H07. During the quarter, Sonaecom reinforced customer and customer revenue year-on-year growth and generated a higher EBITDA result. This was achieved despite the continuous investment in mobile, broadband, fixed-mobile convergence and the expansion of both our 3G and ULL networks and notwithstanding the negative impact of the programmed cuts in MTRs and, especially, the decrease in roaming in tariffs.

Operational Highlights

OPERATING KPI's	3Q06	3Q07	y.o.y	2Q07	9M06	9M07	y.o.y
Optimus							
Customers (EOP) ('000)	2,491.5	2,761.1	10.8%	2,673.9	2,491.5	2,761.1	10.8%
Active Customers (1)	1,970.0	2,203.2	11.8%	2,152.5	1,927.5	2,154.2	11.8%
Data as % Service Revenues	14.1%	18.2%	4.1pp	16.9%	13.8%	17.1%	3.3pp
MOU (2) (min.)	117.3	120.7	3.0%	114.6	115.2	117.2	1.7%
Sonaecom Fixed							
Total Services (EOP)	371,011	798,477	115.2%	411,177	371,011	798,477	115.2%
Direct	253,700	471,851	86.0%	336,789	253,700	471,851	86.0%
Direct access as % Customer Revenues	67.9%	73.1%	5.2pp	78.9%	63.3%	75.7%	12.4pp
Sonaecom							
Employees	1,939	1,875	-3.3%	1,851	1,939	1,875	-3.3%

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

- **Optimus:** customers increased by 10.8% to 2.76 million in 3Q07, compared to 2.49 million at the end of 3Q06; net additions were 87.2 thousand, up by 42.6% compared to 3Q06; data revenues represented 18.2% of service revenues, up 4.1pp from 14.1% in 3Q06.
- **Sonaecom Fixed:** total services, including those associated with the recent acquisitions (371.8 thousand) totalled 798.5 thousand; underlying like-for-like growth showed an increase of 15.0% when compared to 3Q06. Direct access services increased to 471.9 thousand, an increase of 42.2% on a like-for-like basis; customer revenues represented 52.6% of service revenues in 3Q07 (o.w. 73.1% are direct access revenues), compared to 45.4% in 3Q06.
- **Sonaecom:** total employees decreased by 3.3% compared to 3Q06, with all subsidiaries decreasing headcount with the exception of SSI and Sonaecom Fixed, the latter due to the integration of 31 people from Tele2 Portugal. The headcount reduction included a decrease of 6.7% in the shared services division.

Consolidated financial highlights

Million euros

CONSOLIDATED FINANCIAL KPI's	3Q06	3Q07	y.o.y	2Q07	9M06	9M06(R)	9M07	y.o.y
Turnover	214.5	230.8	7.6%	214.5	624.0	610.4	644.3	5.6%
Service Revenues	191.9	212.1	10.5%	194.1	557.4	543.7	589.4	8.4%
Customer Revenues	133.8	156.3	16.8%	144.9	402.3	254.8	438.3	72.0%
Operator Revenues	58.0	55.7	-4.0%	49.1	155.1	97.1	151.0	55.5%
EBITDA	45.8	47.4	3.5%	39.2	151.3	123.8	120.6	-2.6%
EBITDA Margin (%)	21.3%	20.5%	-0.8pp	18.3%	24.2%	20.3%	18.7%	-1.6pp
EBIT	11.9	13.0	9.0%	8.8	51.1	23.8	19.1	-19.8%
EBT	7.1	3.5	-50.1%	4.7	38.6	11.2	1.4	-87.3%
Net Results - Group Share (1)	2.2	7.6	-	1.3	26.5	-0.2	2.9	-
Operating CAPEX (2)	25.4	54.2	113.4%	27.5	81.7	81.6	110.5	35.3%
Operating CAPEX as % of Turnover	11.8%	23.5%	11.6pp	12.8%	13.1%	13.4%	17.1%	3.8pp
EBITDA - Operating CAPEX	20.4	-6.8	-	11.7	69.5	42.1	10.1	-76.1%
Total CAPEX	28.3	89.4	-	40.2	199.1	199.1	159.3	-20.0%
Operating Cash Flow (3)	29.6	33.0	11.3%	22.9	32.4	11.4	37.2	-
FCF (4)	18.9	-19.3	-	11.7	-93.9	-114.8	55.7	-

(1) Net Results after Minority Interests; (2) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments; (3) Operating Cash Flow = EBITDA - Operating CAPEX - Change in WC -Non Cash item & Other; (4) FCF Levered after Financial Expenses but before Capital Flows and Financing related up-front Costs; (R) Restated to exclude Enabler's contribution in 1H06 and the 25.3 million euros capital gain from the sale of Enabler in 1H06.

- **Service revenues:** were 10.5% higher than in 3Q06, driven by growth at Optimus of 1.8% notwithstanding the negative impact of lower MTRs and lower roaming in tariffs, and by growth at Sonaecom Fixed of 27.8% driven by growth of ULL ADSL direct services and the inclusion of Tele2 and Oni's Residential and SOHO customers since September.
- **Customer revenues:** increased by 16.8% in 3Q07 when compared to 3Q06, driven by a 48.0% increase at Sonaecom Fixed, a 9.0% increase at Optimus and a 22.5% increase at SSI.
- **EBITDA:** increased by 3.5% to 47.4 million euros, explained by the positive contribution by Sonaecom Fixed and improved performance at SSI;
- **Net results group share** reached 7.6 million euros, an improvement of 5.4 million euros compared to 3Q06.

3. Consolidated results

3.1. Consolidated income statement

Million euros

CONSOLIDATED INCOME STATEMENT	3Q06	3Q07	y.o.y	2Q07	9M06	9M06(R)	9M07	y.o.y
Turnover	**214.5**	**230.8**	**7.6%**	**214.5**	**624.0**	**610.4**	**644.3**	**5.6%**
Optimus	162.5	161.5	-0.6%	150.7	453.7	453.7	455.0	0.3%
Sonaecom Fixed	52.4	66.9	27.6%	56.7	146.2	146.2	177.6	21.5%
Público	8.2	7.0	-14.8%	9.5	27.4	27.4	23.6	-13.9%
SSI	15.3	20.6	35.3%	17.8	61.4	47.7	53.4	12.0%
Other & Eliminations	-23.8	-25.1	-5.6%	-20.2	-64.6	-64.6	-65.3	-1.1%
Other Revenues	**1.1**	**2.2**	**100.1%**	**0.7**	**29.6**	**3.0**	**4.2**	**42.3%**
Operating Costs	**167.2**	**182.7**	**9.3%**	**173.3**	**494.2**	**481.5**	**518.7**	**7.7%**
COGS	25.7	27.2	5.9%	25.3	72.4	72.4	74.7	3.2%
Network Costs (1)	64.3	77.0	19.7%	70.1	189.4	189.4	215.5	13.8%
Personnel Costs	24.4	22.3	-8.6%	23.4	77.3	69.5	69.1	-0.7%
Marketing & Sales	25.2	25.6	1.7%	25.0	67.4	67.3	69.6	3.3%
Outsourcing Services (2)	14.0	15.8	13.0%	14.8	45.4	43.3	45.8	5.6%
General & Administrative Expenses	10.9	11.8	8.2%	11.4	34.3	31.5	34.5	9.4%
Other Operating Costs	2.8	3.1	13.5%	3.4	8.0	7.9	9.6	21.5%
Provisions and Impairment Losses	**2.6**	**2.9**	**9.7%**	**2.7**	**8.2**	**8.1**	**9.2**	**14.3%**
EBITDA	**45.8**	**47.4**	**3.5%**	**39.2**	**151.3**	**123.8**	**120.6**	**-2.6%**
EBITDA Margin (%)	21.3%	20.5%	-0.8pp	18.3%	24.2%	20.3%	18.7%	-1.6pp
Optimus	47.7	44.5	-6.8%	38.7	134.6	134.6	118.2	-12.2%
Sonaecom Fixed	0.6	3.6	-	0.5	-6.4	-6.4	4.4	-
Público	-3.2	-1.5	52.0%	-0.7	-5.9	-5.9	-3.5	41.1%
SSI	0.8	1.5	93.2%	1.5	30.0	2.7	4.2	56.9%
Other & Eliminations	-0.2	-0.7	-	-0.8	-1.0	-1.2	-2.7	-136.7%
Depreciation & Amortization	33.9	34.4	1.6%	30.4	100.2	100.0	101.5	1.5%
EBIT	**11.9**	**13.0**	**9.0%**	**8.8**	**51.1**	**23.8**	**19.1**	**-19.8%**
Net Financial Results	**-4.8**	**-9.4**	**-96.9%**	**-4.1**	**-12.5**	**-12.6**	**-17.6**	**-40.5%**
Financial Income	1.4	5.3	-	2.7	4.6	4.5	17.2	-
Financial Expenses	6.1	14.7	140.1%	6.8	17.1	17.0	34.8	104.6%
EBT	**7.1**	**3.5**	**-50.1%**	**4.7**	**38.6**	**11.2**	**1.4**	**-87.3%**
Tax results	-4.3	4.2	-	-3.3	-3.2	-2.9	1.7	-
Net Results	**2.8**	**7.7**	**174.2%**	**1.4**	**35.4**	**8.3**	**3.1**	**-62.2%**
Group Share	2.2	7.6	-	1.3	26.5	-0.2	2.9	-
Attributable to Minority Interests	0.6	0.1	-88.7%	0.1	8.9	8.5	0.2	-97.6%

(1) Network Costs = Interconnection plus Leased Lines plus Content plus Other Network Operating Costs; (2) Outsourcing Services = Customer Services plus Consultants plus Subcontracts; (R) Restated to exclude Enabler's contribution in 1H06 and the 25.3 million euros capital gain from the sale of Enabler in 1H06.

Turnover

Consolidated turnover totalled 230.8 million euros in 3Q07, 7.6% above 3Q06, notwithstanding the negative impact of lower roaming in tariffs of 5.6 million euros and the lower MTRs of 2.1 million euros on Operator Revenues at Optimus.

Consolidated service revenues increased by 10.5% to 212.1 million euros compared to 3Q06. The main contributions to this performance came from: (i) 27.8% higher service revenues at Sonaecom Fixed; (ii) 1.8% increase in Optimus' service revenues, with the growth of customer revenues offsetting the combined negative impact of lower MTRs and roaming in tariffs; (iii) 22.5% higher service revenues at SSI, mainly driven by the good performance of WeDo; and (iv) notwithstanding the 10.6% decrease of Público's service revenues driven by lower advertising revenues.

Consolidated customer revenues grew by 16.8% when compared to 3Q06, driven by strong customer revenue growth at both Sonaecom Fixed and Optimus that grew by 48.0% and 9.0%, respectively.

The results of Sonaecom Fixed and consequently, those of Sonaecom Consolidated, include since September, the revenues generated from the customers acquired from Oni and Tele2 Portugal. In the quarter, the contribution of these two additional businesses to service revenues was of 5.0 million euros. Excluding this contribution, service revenues and customer revenues would have grown, on a like-for-like basis, by 7.9% and 13.1% compared to 3Q06 (which compares to growth of 8.5% and 12.8% achieved in 2Q07 compared to 2Q06).

Operating costs
Total operating costs reached 182.7 million euros in 3Q07, an increase of 9.3% over 3Q06. Total operating costs excluding COGS reached 155.5 million euros, 9.9% higher than in 3Q06, representing 73.3% of service revenues, a marginal improvement of 0.4pp when compared to 73.7% in 3Q06. It should be noted that operating costs include the costs associated with both Tele2 Portugal and the customers acquired from Oni since September.

The higher costs in the quarter were primarily growth related: (i) 19.7% higher network costs when compared to 3Q06, driven by an 18.9% increase in interconnection, despite the lower MTRs, due to a significantly higher level of traffic volumes and the larger customer base leading to significantly higher ULL monthly fee related costs; (ii) marketing & sales costs increased by 1.7% driven mainly by Optimus' investment in promoting its brand and new products and by higher commissions; and (iii) general & administrative costs and outsourcing costs that increased by 8.2% and 13.0%, respectively, mainly explained by the increased post paid customer base at Optimus and larger customer base at Sonaecom Fixed and the consequent billing requirements and related expenses. Staff costs decreased by 8.6% due to the decrease in headcount in the quarter and due to the restructuring costs of 1.7 million euros that were recognised by Público in 3Q06.

Provisions and impairment losses increased to 2.9 million euros in 3Q07 from 2.6 million euros in 3Q06, due to a combination of lower provisions for bad debt at both Optimus and Sonaecom Fixed that were offset by higher provisions for stocks at Optimus.

EBITDA
Consolidated EBITDA improved by 3.5% to 47.4 million euros in 3Q07 generating a margin of 20.5%, compared to an EBITDA of 45.8 million euros and a margin of 21.3% in 3Q06. This performance (the first YoY improvement in 2007) was due to the combination of strong operational results at our Telco and SSI divisions, driven by customer revenue growth that was partially offset by the negative impact of the regulated tariffs at Optimus. EBITDA at Optimus was of 44.5 million euros, down by 3.2 million euros when compared to 3Q06, fully explained by the negative impact of 5.6 million euros and 0.8 million euros from roaming in and MTRs, respectively; Sonaecom Fixed generated a record EBITDA of 3.6 million euros reflecting the benefits of its continued organic growth in its direct access businesses (the inclusion of Tele2 and Oni customers since September had a marginally negative impact on EBITDA in 3Q07); EBITDA at SSI increased by 93.2% (0.7 million euros) to 1.5 million euros when compared to 3Q06, driven mainly by higher service revenues and by improved cost management and efficiency; while Público's EBITDA was negative 1.6 million euros, an improvement of 1.7 million euros when compared to 3Q06, but reflecting the impact of the negative performance in all revenue streams, compensated by a reduction in fixed costs.

Net profit
Net results group share were 7.6 million euros, the highest net results ever achieved by Sonaecom, excluding 2Q06 in which we accounted for the capital gain generated from the sale of Enable, an increase of 3.5x when compared to the 2.2 million euros in 3Q06.

Depreciation & amortization charges increased marginally by 1.6% compared to 3Q06 to 34.4 million euros, driven by the increased asset base resulting from our investments in expanding both our mobile and fixed networks.

Net financial charges increased by 4.6 million euros to 9.4 million euros in 3Q07 compared to 4.8 million euros in 3Q06. The higher charges resulted from adherence to the accounting treatment stipulated under IAS 39 requiring the write-off of the outstanding deferred up-front fees (7.2 million euros) related with Optimus' syndicated bank facility which was cancelled in September. Excluding this accounting effect, net financial charges would have decreased by 54.2% reflecting higher financial expenses, up by 1.4 million euros to 7.5 million euros due to the higher average cost of debt of 4.93% in 3Q07, compared to 3.84%, in 3Q06, that were completely offset by higher financial income in 3Q07 of 3.9 million euros to 5.3 million euros, due to a higher average level of liquidity and higher interest rates in the period and the capital gain generated with the sale of our shareholding in "Despegar" of 3.0 million euros.

The tax line in 3Q07 showed a benefit of 4.2 million euros, compared to a charge of 4.3 million euros in 3Q06 mainly due to movements in of deferred tax assets at Sonaecom Fixed and the lower EBT generated by Optimus.

3.2. Consolidated balance sheet

Million euros CONSOLIDATED BALANCE SHEET	3Q06	3Q07	y.o.y	4Q06	q.o.q
Total Net Assets	**1,488.5**	**1,602.7**	**7.7%**	**1,720.2**	**-6.8%**
Non Current Assets	1,103.7	1,302.4	18.0%	1,343.6	-3.1%
Tangible and Intangible Assets	642.1	692.8	7.9%	661.4	4.7%
Goodwill	282.1	523.0	85.4%	506.9	3.2%
Investments	113.3	1.9	-98.3%	113.1	-98.3%
Deferred Tax Assets	63.5	67.4	6.1%	61.8	9.0%
Others	2.7	17.3	-	0.3	-
Current Assets	384.9	300.3	-22.0%	376.6	-20.3%
Trade Debtors	150.0	159.1	6.1%	152.0	4.7%
Liquidity	114.9	13.9	-87.9%	125.9	-89.0%
Others	119.9	127.3	6.1%	98.7	28.9%
Shareholders' Funds	**724.7**	**900.7**	**24.3%**	**909.5**	**-1.0%**
Group Share	603.7	900.0	49.1%	909.0	-1.0%
Minority Interests	121.1	0.7	-99.4%	0.5	48.6%
Total Liabilities	**763.8**	**702.0**	**-8.1%**	**810.7**	**-13.4%**
Non Current Liabilities	490.3	356.7	-27.3%	486.1	-26.6%
Bank Loans	459.4	307.8	-33.0%	460.6	-33.2%
Provisions for Other Liabilities and Charges	16.9	30.9	82.9%	20.1	53.9%
Others	14.0	18.0	28.4%	5.4	-
Current Liabilities	273.5	345.4	26.3%	324.6	6.4%
Bank Loans	0.7	0.2	-75.9%	0.1	121.3%
Trade Creditors	119.9	130.4	8.7%	162.7	-19.9%
Others	152.9	214.8	40.5%	161.9	32.7%
Operating CAPEX [1]	25.4	54.2	113.4%	52.4	3.5%
Operating CAPEX as % of Turnover	11.8%	23.5%	11.6pp	24.7%	-1.2pp
Total CAPEX	28.3	89.4	-	54.4	64.6%
EBITDA - Operating CAPEX	20.4	-6.8	-	-19.3	64.6%
Operating Cash Flow [2]	29.6	33.0	11.3%	18.9	74.9%
FCF [3]	18.9	-19.3	-	12.2	-
Gross Debt	464.0	327.2	-29.5%	464.0	-29.5%
Net Debt	349.1	313.4	-10.2%	338.1	-7.3%
Net Debt/ EBITDA last 12 months	1.9 x	2.0 x	0.1x	1.8 x	0.21x
EBITDA/Interest Expenses [4]	9.8 x	7.6 x	-2.3x	6.9 x	0.7x
Debt/(Debt + Shareholders' Funds)	39.0%	26.6%	-12.4pp	33.8%	-7.1pp

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

Capital structure

During the quarter, Sonaecom completed the negotiation of a 250 million committed underwritten Commercial Paper Programme (CPP) with guaranteed subscription and a final maturity of 5 years. This facility was arranged to be used for general corporate purposes, for financing Sonaecom Group's investment and, along with current available liquidity, to refinance the 325 million euros syndicated bank facility at Optimus that was fully refinanced on 15 September 2007.

Consolidated gross debt at the end of 3Q07 totalled 327.2 million euros, 136.8 million euros below the level at the end 4Q06. This decrease is the result of the following: (i) the repayment of Optimus' syndicated bank facility of 317 million euros net of up-front fees; (ii) the utilization of 159 million euros of the new CPP facility; and (iii) an increase of 16.2 million euros related to long term financial leasing contracts in relation to Sonaecom Fixed backbone network.

Consolidated liquidity decreased by 112.0 million euros to 13.9 million euros, compared to 125.9 million euros at the end of 4Q06, reflecting the FCF generated in the period which includes the sale of our 1% shareholding in PT in 1Q07 and the above mentioned movements in the gross debt level.

Consolidated Net Debt as at the end of 3Q07 stood at 313.4 million euros, a decrease of 24.7 million euros compared to end 4Q06, reflecting mainly the FCF generated in the period (55.7 million euros) and movements in the gross debt.

At the end of 3Q07 and compared to end 4Q06, net debt to annualised EBITDA deteriorated marginally to 2.0x, explained by the lower annualised EBITDA at the end of 3Q07, despite the lower level of net debt. Interest cover improved to 7.6x, from 6.9x at the end of 4Q06, due to the higher level of EBITDA in the quarter and despite the higher cost of debt. Debt to Equity was of 26.6% down from 33.8% in 4Q06, reflecting the above mentioned movements in gross debt and the 8.8 million euros decrease in Shareholder's funds. The latter resulting mainly from the acquisition of own shares in 1Q07, for the purpose of hedging our Medium Term Incentive Plan, totalling 8.9 million euros and the net profit generated in the period.

Sonaecom's gross debt is now fully contracted by Sonaecom SGPS and accordingly, net debt at Sonaecom SGPS increased to 256.0 million euros at the end of 3Q07 compared to 142.4 million euros at the end of 4Q06, reflecting a total cash position of 57.2 million euros, external debt of 308.3 million euros and treasury applications made by subsidiaries with Sonaecom of 4.9 million euros.

CAPEX

Consolidated CAPEX was 89.4 million euros while operating CAPEX reached 54.2 million euros in the quarter, considerably above 3Q06, and representing 23.5% of turnover. This higher level of operating CAPEX was driven by both Sonaecom Fixed and Optimus, up by 57.0% and 125.4%, respectively when compared to 3Q06. However, it should be noted that Optimus' CAPEX includes 18.6 million euros related to an agreed network equipment swap in relation to part of our network that did not have any impact on free cash flow as this amount was paid in kind with equipment that subject to the swap. Excluding this effect, total operating CAPEX would have been 35.6 million euros, 40.1% above 3Q06 and representing 15.4% of consolidated turnover.

Consolidated CAPEX in the quarter includes two significant movements: (i) 20.2 million euros related with the acquisition of Oni's Residential and SOHOs customers; and (ii) 14.6 million euros in respect to the acquisition of Tele2 Portugal.

Operating CAPEX spend in the quarter was applied as follows: 57% invested in the deployment of UMTS/HSDPA network, 14% was related to GSM network, 11% related to Information Technology/Information Systems investments; and approximately 10% was invested in the network to support direct broadband and capitalized Triple Play development costs.

Other balance sheet items

Gross tangible and intangible assets were 1,598 million euros at the end of 3Q07, compared to 1,475 million euros in 4Q06 and cumulative depreciation and amortization totalled 905 million euros, compared to 813 million euros in 4Q06. Total investments reached 1.9 million euros, down by 111.2 million euros when compared to 113.1 million euros in 4Q06, reflecting the sale, in March 2007, of the 1% shareholding in PT valued at 111.1 million euros at end 4Q06, on a mark-to-market basis. Goodwill increased by 16.1 million euros to 523.0 million euros when compared to 4Q06 as a result of the acquisition of Tele2 Portugal.

At the end of 3Q07, Sonaecom shareholders' funds totalled 900.7 million euros compared to 909.5 million euros at the end of 4Q06, which reflects: (i) the acquisition, in March 2007, of a total of 1.89 million own shares valued at 8.9 million euros on a mark-to-market basis, which reduces shareholders' funds; and (ii) the net profit of 3.1 million euros generated in the 9 month period to 30 September 2007.

FCF

Million euros LEVERED FREE CASH FLOW	3Q06	3Q07	y.o.y	2Q07	9M06	9M07	y.o.y
EBITDA-Operating CAPEX	**20.4**	**-6.8**	**-**	**11.7**	**69.5**	**10.1**	**-85.5%**
Change in WC	9.1	21.9	140.1%	-1.5	-45.5	-4.2	90.8%
Non Cash Items & Other	0.1	17.9	-	12.6	8.4	31.3	-
Operating Cash Flow	**29.6**	**33.0**	**11.3%**	**22.9**	**32.4**	**37.2**	**14.8%**
Financial Investments	-0.1	-49.9	-	-0.2	-107.2	58.1	-
Own shares	0.0	0.0	-	0.0	0.0	-8.9	-
Public Tender Offer	-8.0	-0.7	90.7%	-6.4	-10.9	-20.3	-86.3%
Financial results	-2.5	-1.6	35.2%	-4.1	-7.5	-10.0	-34.0%
Income taxes	-0.1	0.0	100.0%	-0.4	-0.8	-0.5	44.2%
FCF	**18.9**	**-19.3**	**-**	**11.7**	**-93.9**	**55.7**	**-**

Consolidated FCF in 3Q07 was negative 19.3 million euros, compared to a positive 18.9 million euros in 3Q06. Consolidated FCF was affected by payments related to the acquisitions of Oni's residential and SOHO customers and Tele2 Portugal totalling, in aggregate, 32.6 million euros and the advanced payment of 17.25 million euros regarding the acquisition of Cape Technologies.

Operating cash flow was positive 33.0 million euros in 3Q07, up from positive 29.6 million euros in 3Q06, mainly driven by: (i) a deterioration of 8.6 million euros in EBITDA-Operating Capex (excluding the 18.6 million euros related with the network equipment swap which did not affect FCF); and (ii) an improvement in operating working capital of approximately 12.8 million euros. Total working capital improved by 21.9 million euros reflecting the higher credit from trade creditors at both Optimus and Sonaecom Fixed.

4. Optimus

During the quarter, Optimus continued to present strong customer and customer revenue growth, by further investing in the brand, mainly to support the growth in the residential segment, and in new products.

4.1. Operational data

OPTIMUS OPERATIONAL KPI's	3Q06	3Q07	y.o.y	2Q07	9M06	9M07	y.o.y
Customers (EOP) ('000)	2,491.5	2,761.1	10.8%	2,673.9	2,491.5	2,761.1	10.8%
Net Additions ('000)	61.1	87.2	42.6%	44.7	138.3	159.2	15.2%
% Pre-paid Customers	78.9%	74.4%	-4.6pp	74.8%	78.9%	74.4%	-4.6pp
Active Customers (1)	1,970.0	2,203.2	11.8%	2,152.5	1,927.5	2,154.2	11.8%
Data as % Service Revenues	14.1%	18.2%	4.1pp	16.9%	13.8%	17.1%	3.3pp
Total #SMS/month/user	50.6	45.6	-10.0%	44.9	50.9	45.2	-11.2%
MOU [2] (min.)	117.3	120.7	3.0%	114.6	115.2	117.2	1.7%
ARPU (euros)	20.9	19.2	-8.5%	17.9	19.9	18.3	-8.3%
ARPM [3] (euros)	0.18	0.16	-11.1%	0.16	0.17	0.16	-9.8%
CCPU [4] (euros)	15.4	15.2	-1.6%	14.2	14.9	14.5	-2.3%
SAC&SRC [5] ('000 000 euros)	27.3	35.1	28.4%	28.1	70.9	90.3	27.4%
Employees [6]	1,056	985	-6.7%	1,029	1,056	985	-6.7%
Shared Services Division	771	749	-2.9%	765	771	749	-2.9%

(1) Active Customers with Revenues generated on last 90 days; (2) Minutes of Use per Customer per month; (3) Average Revenue per Minute; (4) Cash Cost per Customer = Total Operational Costs per Customer less Equipment Sales; (5) Total Acquisition & Retention Costs; (6) Includes Shared Services Division.

Growth initiatives

During 3Q07, Optimus sustained its wireless broadband leadership and was able to push up data usage through the promotion of its Kanguru product, based on HSDPA technology, offering speeds up to 7.2 Mbps. Also important was the launch of a specific offer in relation to Optimus' contribution for the development of the information society which will contribute to maintaining mobile broadband market growth at a high pace. During the quarter, Optimus further expanded the number of channels in its mobile TV service, having available 26 TV channels for its Mobile TV offer.

Customer base

Optimus' customer base increased by 10.8% to 2.76 million, at the end of 3Q07, compared to 2.49 million at the end of 3Q06, with net additions of 87.2 thousand in 3Q07 up by 42.6% compared to 61.1 thousand in 3Q06, reflecting the success of its growth strategy. Active customers at the end of 3Q07 totalled 2.2 million, as compared to 1.97 million in 3Q06, an increase of 11.8% over 3Q06. Net additions of active subscribers reached 50.7 thousand, 6.8% higher than in 3Q06.

During 3Q07, Optimus customers generated an ARPU of 19.2 euros, down from an ARPU of 20.9 euros in 3Q06, of which 14.2 euros related to customer monthly bill and 4.9 euros related to operator revenues, compared to 14.5 euros and 6.5 euros, in 3Q06, respectively. The lower ARPU is mainly explained by the decrease of 24.6% in operator revenues ARPU, due to the phased reductions in MTRs and, especially, roaming in tariffs. As regards Customer monthly bill, although there was a decrease in ARPM, explained by the higher price pressures on voice tariffs mainly on the SME segment, that was partially offset by an increase in MoU of 3.0%.

Data usage

Data revenues represented 18.2% of service revenues in 3Q07, an improvement of 4.1pp over 3Q06, as the result of Optimus' promotional focus on increasing usage of data services and the success of its wireless broadband solutions. Non-SMS related data services accounted for approximately 50% of total data revenues in 3Q07, compared to 34% in 3Q06.

Traffic

In 3Q07, total voice traffic[1] was 14.6% higher than that recorded in 3Q06 with minutes of use per customer increasing by 3.0% to 120.7 minutes, reflecting the continuous success of Optimus' investment effort to enhance voice usage.

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

4.2. Financial data

Million euros

OPTIMUS CONSOLIDATED INCOME STATEMENT	3Q06	3Q07	y.o.y	2Q07	9M06	9M07	y.o.y
Turnover	**162.5**	**161.5**	**-0.6%**	**150.7**	**453.7**	**455.0**	**0.3%**
Service Revenues	149.6	152.3	1.8%	142.4	420.0	429.7	2.3%
Customer Revenues	103.4	112.7	9.0%	108.1	298.8	324.0	8.4%
Operator Revenues	46.1	39.6	-14.2%	34.4	121.3	105.7	-12.8%
Equipment Sales	12.9	9.2	-28.7%	8.3	33.6	25.3	-24.7%
Other Revenues	**8.0**	**10.1**	**26.1%**	**8.6**	**26.0**	**27.1**	**4.2%**
Operating Costs	**120.4**	**125.3**	**4.1%**	**118.1**	**337.9**	**358.4**	**6.1%**
COGS	18.8	19.8	5.7%	15.6	47.8	52.2	9.1%
Interconnection & Contents	34.5	35.3	2.1%	33.5	98.5	101.4	3.0%
Leased Lines & Other Network Operating Costs	13.4	13.8	3.4%	14.0	38.2	42.0	10.1%
Personnel Costs	13.0	12.2	-5.8%	13.0	37.7	38.3	1.8%
Marketing & Sales	18.8	20.1	6.6%	18.2	49.5	53.6	8.3%
Outsourcing Services (1)	12.5	13.6	8.5%	13.0	37.9	39.0	3.0%
General & Administrative Expenses	7.0	8.0	13.0%	7.7	21.1	23.5	10.9%
Other Operating Costs	2.4	2.6	8.9%	3.1	7.3	8.4	15.3%
Provisions and Impairment Losses	**2.3**	**1.7**	**-24.7%**	**2.4**	**7.2**	**5.5**	**-23.5%**
Service Margin (2)	**115.0**	**117.0**	**1.7%**	**108.9**	**321.6**	**328.3**	**2.1%**
Service Margin (%)	76.9%	76.9%	-0.1pp	76.5%	76.6%	76.4%	-0.2pp
EBITDA	**47.7**	**44.5**	**-6.8%**	**38.7**	**134.6**	**118.2**	**-12.2%**
EBITDA Margin (%)	29.4%	27.6%	-1.8pp	25.7%	29.7%	26.0%	-3.7pp
Tender Offer related costs (3)	0.0	10.0	-	0.0	0.0	10.0	-
Depreciation & Amortization	29.5	28.8	-2.3%	25.2	87.0	85.7	-1.5%
EBIT	**18.2**	**5.6**	**-69.0%**	**13.5**	**47.6**	**22.5**	**-52.7%**
Net Financial Results	**-3.0**	**-10.7**	**-**	**-3.5**	**-9.3**	**-17.8**	**-92.2%**
Financial Income	1.1	1.2	12.3%	1.3	2.5	3.6	42.8%
Financial Expenses	4.1	11.9	189.1%	4.8	11.8	21.5	81.6%
EBT	**15.2**	**-5.1**	**-**	**10.1**	**38.3**	**4.7**	**-87.8%**
Tax results	-4.2	-2.0	52.0%	-2.6	-2.2	-3.5	-62.4%
Net Results	**10.9**	**-7.1**	**-**	**7.5**	**36.2**	**1.2**	**-96.8%**
Operating CAPEX (4)	20.7	46.6	125.4%	13.7	60.6	76.7	26.7%
Operating CAPEX as % of Turnover	12.7%	28.8%	16.1pp	9.1%	13.3%	16.9%	3.5pp
EBITDA - Operating CAPEX	27.1	-2.1	-	25.0	74.0	41.5	-43.9%
Total CAPEX	23.4	47.1	101.6%	23.6	70.8	87.7	23.9%
FCF (5)	30.5	12.0	-60.7%	18.1	44.4	31.8	-28.4%
Gross Debt	316.8	211.2	-33.3%	319.3	316.8	211.2	-33.3%
Net Debt	185.5	205.2	10.6%	209.2	185.5	205.2	10.6%
Net Debt/ EBITDA last 12 months	1.1 x	1.3 x	0.3x	1.3 x	1.1 x	1.3 x	0.3x
EBITDA/Interest Expenses	15.8 x	11.8 x	-4.1x	11.0 x	16.4 x	11.0 x	-5.4x
Debt/(Debt + Shareholders' Funds)	43.9%	37.7%	-6.2pp	47.3%	43.9%	37.7%	-6.2pp

(1) Outsourcing Services = Customer Services plus Consultants plus Subcontracts; (2) Service Margin = Service Revenues minus Interconnection & Content Costs; (3) Charge out by Sonaecom SGPS regarding PT tender offer costs (4) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments; (5) FCF Levered after Financial Expenses but before Capital Flows and Financing related up-front Costs.

Turnover

Service revenues increased by 1.8% to 152.3 million euros compared to 149.6 million euros in 3Q06, driven by the 9.0% growth in customer revenues that fully compensated the negative impact of 5.6 and 2.1 million euros due to lower roaming in tariffs and MTRs on operator revenues. Excluding the impact of the MTRs and roaming in tariffs, service revenues would have increased by 7.0% as compared to 3Q06.

EBITDA

EBITDA in 3Q07 reached 44.5 million euros and generated a margin of 27.6%, representing a decrease of 6.8% and 1.8pp, respectively versus 3Q06. This decline was primarily the result of lower roaming in tariffs and MTRs that led to a reduction of 6.4 million euros in EBITDA compared to 3Q06, despite the 1.8% increase in service revenues. Excluding the negative impact of roaming in and MTRs, EBITDA would have increased by 6.7% compared to 3Q06, generating an EBITDA margin of 30.1%, 0.7pp above 3Q06.

Total OPEX increased by 4.1% to 125.3 million euros and represented 77.6% of Turnover, a deterioration of 3.5pp when compared to 3Q06 and notwithstanding the 1.7% improvement in service margin to 117.0 million euros and a margin of 76.9%, in line with 3Q06. The higher costs were driven by: (i) higher marketing & sales costs and handset subsidies of 24.3%, a reflection of the strong growth in both active

customers (+11.3%) and customer revenues (+9.0%); (ii) higher leased line & other network operating costs of 3.4%, driven by both leased line costs up by 0.9% and other network costs which grew by 5.3% primarily due to the extension of Optimus' 3G/HSDPA network and resulting higher number of circuits rented, also due to the success of our Kanguru product; (iii) higher outsourcing services, especially customer IT and Customer Support services which grew by 8.5%; (iv) higher general & administrative costs of 13.0% as a result of specific investments made to accelerate the judicial collection of old invoices with the consequent positive impact on the bad debt level overtime; and (v) an increase in other operating costs of 8.9%, driven by higher license costs resulting from the higher number of customers. Staff costs decreased by 5.8% due not only to the decrease in headcount, but also to the higher level of capitalisation of staff costs related with specific network development projects.

5. Sonaecom Fixed

Sonaecom Fixed strengthened its position as a direct access company with a substantially enlarged customer base after the integration of Oni's residential and SOHO and Tele2's customers. Focus will be on the transformation of the acquired indirect customers to direct access through the expansion of our double play offering, the reinforcement of TV and Home Video in the ADSL basic offer and better customer service.

5.1. Operational data

SONAECOM FIXED OPERATIONAL KPI's	3Q06	3Q07	y.o.y	2Q07	9M06	9M07	y.o.y
Total Services (EOP) [1]	371,011	798,477	115.2%	411,177	371,011	798,477	115.2%
Direct	253,700	471,851	86.0%	336,789	253,700	471,851	86.0%
ULL	230,041	439,604	91.1%	307,316	230,041	439,604	91.1%
Other	23,659	32,247	36.3%	29,473	23,659	32,247	36.3%
Indirect	117,311	326,626	178.4%	74,388	117,311	326,626	178.4%
Voice	61,078	282,539	-	41,362	61,078	282,539	-
Internet Broadband	12,381	27,644	123.3%	11,590	12,381	27,644	123.3%
Internet Narrowband	43,852	16,443	-62.5%	21,436	43,852	16,443	-62.5%
Total Accesses [2]	283,232	510,006	80.1%	358,963	283,232	510,006	80.1%
PSTN/ISDN	153,318	270,112	76.2%	194,759	153,318	270,112	76.2%
ULL ADSL	117,533	212,250	80.6%	152,614	117,533	212,250	80.6%
Wholesale ADSL	12,381	27,644	123.3%	11,590	12,381	27,644	123.3%
Unbundled Central Offices with transmission	138	157	13.8%	150	138	157	13.8%
Unbundled Central Offices with ADSL2+	134	148	10.4%	142	134	148	10.4%
Direct access as % Customer Revenues	67.9%	73.1%	5.2pp	78.9%	63.3%	75.7%	12.4pp
Total Voice Traffic ('000 Min.) [3]	358,721	457,095	27.4%	384,789	1,078,548	1,219,593	13.1%
Total Internet Traffic							
Narrowband ('000 Min.)	48,429	18,311	-62.2%	22,435	187,998	72,385	-61.5%
Broadband ('000 Gigabytes)	2,918	5,869	101.1%	5,057	7,433	15,750	111.9%
Employees	174	195	12.1%	164	174	195	12.1%

(1) Services restated according to a "revenue generator unit" criteria since 1Q07; (2) Reporting criteria according to Anacom standard: ISDN services equivalent to 2 or 30 accesses depending on whether they are basic rate (BRI) or primary rate (PRI); Accesses do not include indirect voice or narrowband services and data and wholesale services; (3) Includes Wholesale and Retail traffic.

Growth initiatives

During 3Q07, Sonaecom Fixed continued to focus on its double play offering of voice and internet enhanced with inclusion of IPTV and Home Video, in order to protect pricing, reduce levels of churn and improve loyalty in its direct access base. In the quarter, Sonaecom Fixed continued to develop its triple play offer by introducing new TV channels in its offer and enlarging the number of services available in its IPTV offer.

Customer base

During 3Q07, Sonaecom Fixed completed the acquisition of both Oni's residential and SoHo customer base and of Tele2 Portugal, which had an impact of an additional 371.8 thousand services, of which, 111.1 thousand are direct services.

At the end of 3Q07, Sonaecom Fixed total services reached 798.5 thousand, an increase of 115.2% (15.0% on a like-for-like comparison) compared to 3Q06. Total direct services represented 59.1% of Sonaecom Fixed customer base in 3Q07 (84.5% excluding recent acquisitions), compared to 68.4% in 3Q06. Average monthly direct net adds were, approximately, 8 thousand services in 3Q07 and average monthly net adds of ULL accesses reached 3.5 thousand.

Traffic

Sonaecom Fixed voice traffic increased by 27.4% in 3Q07 to 457.1 million minutes compared to 358.7 million minutes in 3Q06, as a result of the increase of both retail traffic of 58.9% and wholesale traffic of 10.9%. Retail traffic performance was a result of the increase of both direct voice and indirect voice traffic up by 67.2% and 43.5%, respectively. On a like-for-like comparison, total voice traffic increased by 12.1% supported by the growth of retail traffic of 23.2%.

5.2. Financial data

Million euros CONSOLIDATED SONAECOM FIXED INCOME STATEMENT	3Q06	3Q07	y.o.y	2Q07	9M06	9M07	y.o.y
Turnover	**52.4**	**66.9**	**27.6%**	**56.7**	**146.2**	**177.6**	**21.5%**
Service Revenues	52.2	66.7	27.8%	56.5	144.9	177.3	22.3%
Customer Revenues	23.7	35.1	48.0%	28.3	68.5	89.8	31.2%
Direct Access Revenues	16.1	25.7	59.4%	22.4	43.3	68.0	57.0%
Indirect Access Revenues	6.9	8.7	25.1%	5.2	23.9	19.6	-18.0%
Other	0.7	0.7	10.7%	0.8	1.3	2.2	76.9%
Operator Revenues	28.5	31.6	11.0%	28.2	76.5	87.4	14.4%
Equipment Sales	0.2	0.2	-16.8%	0.2	1.2	0.3	-73.0%
Other Revenues	**0.9**	**0.8**	**-10.3%**	**0.8**	**3.3**	**2.6**	**-21.1%**
Operating Costs	**52.3**	**63.3**	**20.9%**	**56.8**	**155.2**	**172.7**	**11.3%**
COGS	0.1	0.3	138.8%	0.2	1.4	0.4	-71.6%
Interconnection	27.3	35.2	29.2%	30.0	77.9	93.3	19.7%
Leased Lines & Other Network Operating Costs	7.8	10.2	31.2%	8.3	23.6	27.3	15.7%
Personnel Costs	2.2	2.2	1.3%	2.3	7.0	6.9	-1.8%
Marketing & Sales	5.4	4.6	-15.1%	5.5	15.2	12.8	-16.0%
Outsourcing Services [1]	7.0	8.2	17.5%	8.1	22.8	24.2	6.3%
General & Administrative Expenses	2.2	2.1	-3.9%	2.1	6.5	6.5	1.1%
Other Operating Costs	0.4	0.4	4.0%	0.4	0.8	1.2	48.0%
Provisions and Impairment Losses	**0.3**	**0.8**	**158.3%**	**0.2**	**0.7**	**3.2**	**-**
Service Margin [2]	**24.9**	**31.5**	**26.2%**	**26.6**	**67.0**	**84.0**	**25.3%**
Service Margin (%)	47.8%	47.2%	-0.6pp	47.0%	46.2%	47.4%	1.1pp
EBITDA	**0.6**	**3.6**	**-**	**0.5**	**-6.4**	**4.4**	**-**
EBITDA Margin (%)	1.2%	5.4%	4.1pp	0.9%	-4.4%	2.5%	6.9pp
Tender Offer related costs [3]	0.0	13.3	-	0.0	0.0	13.3	-
Depreciation & Amortization	4.1	5.2	27.5%	4.9	12.0	14.9	24.3%
EBIT	**-3.4**	**-14.9**	**-**	**-4.4**	**-18.4**	**-23.8**	**-29.3%**
Net Financial Results	**-0.9**	**-1.7**	**-83.7%**	**-0.9**	**-2.2**	**-3.3**	**-52.4%**
Financial Income	0.0	0.1	61.9%	0.1	0.1	0.2	47.9%
Financial Expenses	0.9	1.7	82.7%	1.0	2.3	3.5	52.2%
EBT	**-4.3**	**-16.5**	**-**	**-5.3**	**-20.6**	**-27.1**	**-31.7%**
Tax results	0.0	7.0	-	0.0	0.0	7.0	-
Net Results	**-4.3**	**-9.5**	**-119.5%**	**-5.3**	**-20.6**	**-20.2**	**2.3%**
Operating CAPEX [4]	4.9	7.8	57.0%	13.7	21.0	33.7	60.3%
Operating CAPEX as % of Turnover	9.4%	11.6%	2.2pp	24.2%	14.4%	19.0%	4.6pp
EBITDA - Operating CAPEX	-4.3	-4.2	3.2%	-13.2	-27.5	-29.4	-6.9%
Total CAPEX	4.9	42.4	-	14.2	21.0	68.9	-
FCF [5]	-2.8	-48.2	-	-2.8	-38.9	-65.0	-67.0%
Gross Debt	89.9	134.0	49.0%	98.1	89.9	134.0	49.0%
Net Debt	89.5	130.8	46.1%	97.5	89.5	130.8	46.1%
Net Debt/ EBITDA last 12 months	-7.0 x	28.7 x	35.7x	60.9 x	-7.0 x	28.7 x	35.7x
EBITDA/Interest Expenses	0.7 x	2.1 x	1.4x	0.5 x	-2.8 x	1.2 x	4.1x
Debt/(Debt + Shareholders' Funds)	99.0%	98.1%	-0.9pp	89.0%	99.0%	98.1%	-0.9pp

(1) Outsourcing Services = Customer Services plus Consultants plus Subcontracts; (2) Service Margin = Service Revenues minus Interconnection Costs; (3) Charge out by Sonaecom SGPS regarding PT tender offer costs (4) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments; (5) FCF Levered after Financial Expenses but before Capital Flows and Financing related up-front Costs.

Turnover

Turnover in 3Q07 amounted to 66.9 million euros, an increase of 27.6% over 3Q06, mainly due to the significant increase in customer revenues, up by 48.0% mainly driven by growth in direct access revenues which grew by 59.4%.

It should be noted that since September, Sonaecom Fixed results reflect the contribution of Tele2 Portugal and the customers bought from Oni. In 3Q07, the revenues contribution of these operations was of 5.0 million euros. Excluding this contribution, service revenues would have grown by 18.2% when compared to 3Q06, on a like-for-like basis.

Direct access revenues accounted for 73.1% of customer revenues in the quarter, a decrease of 5.2pp compared to the previous quarter as a result of the inclusion of Tele2 and Oni customers as from September.
Mass calling services during the quarter contributed significantly with revenues of 7.1 million euros, an increase of 5.1 million euros compared to 3Q06.

EBITDA
Sonaecom Fixed generated a record positive EBITDA of 3.6 million euros, compared to a positive 0.6 million euros in 3Q06, and generated a margin of 5.4%. This improvement is primarily due 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. Tele2 and Oni customers contributed a marginally negative EBITDA in the quarter.

Operating costs at Sonaecom Fixed increased by 20.9% compared to 3Q06, reflecting the consolidation of Tele2 Portugal, the inclusion of costs associated with the customers bought from Oni and the effort in developing and expanding the direct access broadband business: (i) interconnection costs were up by 29.2%, due to the increased voice traffic in 3Q07 compared to 3Q06, as well as the higher ULL monthly fees, driven by the larger number of direct customers, although service margin grew by 26.2% to 31.5 million euros and generated a margin of 47.2%; (ii) leased lines and other network operating costs were up by 31.2%, mainly as a result of a higher demand for circuits and higher maintenance costs related to the increased volume of equipment and number of unbundled central offices; (iii) personnel costs increased by 1.3% reflecting the costs of Tele2's headcount as from September; (iv) outsourcing services and general & administrative expenses grew by 11.9% due to the enlarged customer base; and (v) notwithstanding the decrease of 15.1% in marketing & sales costs despite the high level of customers acquired in the quarter.

6. Público

Público continued to focus on executing its new strategy based on its totally redesigned, all-colour newspaper and supplements, launched in mid-February 2007, and a re-dimensioned cost structure. However the market dynamics have been very severe for paid newspapers with circulation[2] decreasing by 2.6% and advertising revenues[3] from January to August increasing marginally by 1.4% (this number refers to advertising space calculated at reference table figures. Competitive pressures in 2007 have lead to higher discounts versus previous years) compared to last year same period while the free newspapers' advertising revenues more than doubled. Público's main challenges going forward continued to be stimulating circulation and increasing advertising revenues, a fundamental revenue stream for a sustainable and profitable media business.

6.1. Operational data

PÚBLICO OPERATIONAL KPI's	3Q06	3Q07	y.o.y	2Q07	9M06	9M07	y.o.y
Average Paid Circulation (1)	44,193	42,401	-4.1%	44,282	44,197	42,571	-3.7%
Market Share of Advertising (%) (2)	14.5%	12.9%	-1.6pp	13.9%	15.3%	13.7%	-1.7pp
Employees	334	276	-17.4%	260	334	276	-17.4%

(1) Estimated value updated in the following quarter; (2) 3Q07 = August YTD.

During the 3Q07, the positive signs seen in circulation, in 2Q07 (latest available data), were confirmed as Público's market share of paid circulation in the quarter was of 12.7%, an increase of 0.8pp when compared to 4Q06, the last quarter with the "old" newspaper, indicating that the restructuring of the product was well received by consumers. However, in 3Q07, the circulation decreased by 4.1% when compared to 3Q06 and by 4.3% when compared to the previous quarter, a consequence of the continuous reduction in the size of the paid press market, as well as the competitive pressures particularly from 'free' newspapers.
Público's advertising market share has also been under pressure, reaching an average of 13.7% at the end of 3Q07, down 1.7pp as compared to end 3Q06.

[2] Source: APCT, 1H07 vs 1H06 (latest available data)
[3] Source: Marktest/Media Monitor

Público´s online website continued to be the leader in unique visitors and visits in Portugal, with the integration of both the online and offline being further accelerated. Online advertising, although still a small number and not enough to compensate the decline of newspaper advertising revenues, almost doubled when compared to 3Q06, with Público.pt generating a positive EBITDA for the third consecutive quarter.

6.2. Financial data

Million euros

PÚBLICO CONSOLIDATED INCOME STATEMENT	3Q06	3Q07	y.o.y	2Q07	9M06	9M07	y.o.y
Turnover	**8.16**	**6.96**	**-14.8%**	**9.48**	**27.42**	**23.61**	**-13.9%**
Advertising Sales [1]	3.34	2.98	-10.6%	3.91	11.21	10.11	-9.8%
Newspaper Sales	3.06	2.95	-3.6%	3.24	9.20	9.05	-1.6%
Associated Product Sales	1.76	1.02	-42.1%	2.33	7.01	4.44	-36.6%
Other Revenues	**0.03**	**0.05**	**80.0%**	**0.04**	**0.22**	**0.17**	**-25.0%**
Operating Costs	**11.39**	**8.32**	**-27.0%**	**10.19**	**33.44**	**26.88**	**-19.6%**
COGS	2.21	1.45	-34.4%	2.98	8.17	6.14	-24.9%
Personnel Costs	4.97	2.85	-42.8%	2.91	12.26	8.59	-29.9%
Marketing & Sales	0.68	0.82	21.6%	1.06	2.12	2.31	8.8%
Outsourcing Services [2]	2.62	2.53	-3.5%	2.52	8.32	7.72	-7.2%
General & Administrative Expenses	0.91	0.67	-27.0%	0.71	2.55	2.11	-17.2%
Other Operating Costs	0.00	0.01	100.0%	0.00	0.02	0.01	-50.0%
Provisions and Impairment Losses	**0.03**	**0.24**	**-**	**0.06**	**0.08**	**0.36**	**-**
EBITDA	**-3.22**	**-1.55**	**52.0%**	**-0.74**	**-5.88**	**-3.47**	**41.1%**
EBITDA Margin (%)	-39.5%	-22.3%	17.23pp	-7.8%	-21.5%	-14.7%	6.8pp
Depreciation & Amortization	0.18	0.17	-2.3%	0.17	0.59	0.51	-12.8%
EBIT	**-3.40**	**-1.72**	**49.4%**	**-0.91**	**-6.47**	**-3.98**	**38.5%**
Net Financial Results	**-0.09**	**-0.09**	**-1.1%**	**-0.06**	**-0.21**	**-0.18**	**10.2%**
Financial Income	0.00	0.00	-50.0%	0.00	0.00	0.00	-25.0%
Financial Expenses	0.09	0.09	0.0%	0.07	0.21	0.19	-10.5%
EBT	**-3.49**	**-1.81**	**48.1%**	**-0.97**	**-6.68**	**-4.16**	**37.6%**
Tax results	0.00	-0.01	-100.0%	-0.01	-0.01	-0.02	-14.3%
Net Results	**-3.49**	**-1.82**	**48.0%**	**-0.98**	**-6.69**	**-4.18**	**37.6%**
Operating CAPEX [3]	0.03	0.07	157.1%	0.17	0.17	0.50	197.0%
Operating CAPEX as % of Turnover	0.3%	1.0%	0.7pp	1.8%	0.6%	2.1%	1.5pp
EBITDA - Operating CAPEX	-3.25	-1.62	50.2%	-0.91	-6.05	-3.96	34.5%
Total CAPEX	0.03	0.07	157.1%	0.17	0.17	0.50	197.0%
FCF [4]	-3.18	-1.35	57.8%	-1.71	-6.14	-6.41	-4.3%
Gross Debt	9.73	7.23	-25.7%	5.87	9.73	7.23	-25.7%
Net Debt	9.66	7.12	-26.4%	5.77	9.66	7.12	-26.4%
Net Debt / EBITDA last 12 months	-1.7 x	-1.1 x	0.6x	-0.7 x	-1.7 x	-1.1 x	0.6x
EBITDA/Interest Expenses	-36.2 x	-17.6 x	18.6x	-11.9 x	-29.9 x	-19.4 x	10.5x
Debt/(Debt + Shareholders' Funds)	1572.1%	278.3%	-1293.8pp	192.3%	1572.1%	278.3%	-1293.8x

(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; (4) FCF Levered after Financial Expenses but before Capital Flows and Financing related up-front Costs.

During 3Q07, turnover decreased by 14.8% to 7.0 million euros, compared to 8.2 million euros in 3Q06. All revenue streams decreased compared to LY: (i) associated product sales by 42.1%, as a result of market competition and saturation; (ii) advertising sales that were down by 10.6%; and (iii) newspaper sales down by 3.6% when compared to 3Q06.

EBITDA was negative 1.55 million euros, the worst quarter in 2007 (normal 3Q seasonality effect) although still representing a 52% improvement over 3Q06, which included provisions for severance costs. In accordance with the restructuring plan, personnel costs were down by 12.8% (excluding severance costs accounted in 3Q06) when compared to 3Q06, and general & administrative expenses and outsourcing services were down by 9.3% over 3Q06, resulting from the restructuring plan implemented in the second half of 2006.

7. Software and Systems Information

SSI continued to achieve a good set of operational and financial results, driven by the performance of WeDo that has focused on expanding its range of clients through its star Revenue Assurance Product (RAID). With the acquisition of Cape Technologies, WeDo became the worldwide leader of Revenue Assurance solutions for the telecoms sector.

7.1. Operational data

SSI OPERATIONAL KPI's	3Q06	3Q07	y.o.y	2Q07	9M06	9M06(R)	9M07	y.o.y
IT Serv Revenues/Employee('000 euros) (1)	26.8	28.6	6.5%	27.8	76.0	82.5	83.8	1.5%
Equipment Sales as % Turnover (2)	38.6%	44.4%	5.8pp	42.1%	31.1%	40.0%	40.6%	0.6pp
Equipment Sales/Employee (2) ('000 euros)	535.2	711.5	32.9%	629.8	1,736.4	1,736.4	1,823.5	5.0%
EBITDA/Employee ('000 euros)	2.4	4.0	69.6%	4.2	8.6	8.1	11.8	45.6%
Employees	331	378	14.2%	353	643	331	378	14.2%

(1) Excluding employees dedicated to Equipment Sales; (2) Bizdirect; (R) Restated to exclude Enabler's contribution in 1H06 and the 25.3 million euros capital gain from the sale of Enabler in 1H06.

Productivity at SSI has improved significantly with SSI's IT service revenues per employee reaching 28.6 thousand euros in 3Q07, 6.5% above 3Q06 and equipment sales per employee also increased by 32.9% to 0.7 million euros in 3Q07. Headcount increased by 47 to 378 as compared to 3Q06, due to: (i) the launch of Saphety, a company carved out from Sonaecom Fixed in December 2006; (ii) the consolidation of Tecnológica, a company acquired by WeDo in the 2Q07; and (iii) the need for additional internal consultants to support the increased level of activity.

WeDo continued to invest in expanding its international footprint and has obtained two additional key accounts during the 3Q07 for implementation of its revenue assurance product, RAID: Banglalink in Bangladesh and Wind Hellas in Greece, both from Orascom Group. The number of new key accounts obtained during 2007 is now 9, 6 more than in the same period of 2006.

At the end of the quarter, WeDo also acquired Cape Technologies, a company incorporated in the Republic of Ireland, with 120 employees that operates internationally in information systems for the telecommunications industry. The consideration for this acquisition was of 17 million euros plus an additional amount of up to 3 million euros, subject to the accomplishment of certain pre-agreed targets. With this acquisition, WeDo becomes the world leader in the Revenue Assurance software integration market, with 370 employees spread across 11 offices worldwide and with a customer base of 45 clients present in 35 countries.

7.2. Financial data

Million euros

SSI CONSOLIDATED INCOME STATEMENT	3Q06	3Q07	y.o.y	2Q07	9M06	9M06(R)	9M07	y.o.y
Turnover	**15.25**	**20.63**	**35.3%**	**17.82**	**61.38**	**47.71**	**53.41**	**12.0%**
Service Revenues	9.37	11.47	22.5%	10.32	42.32	28.65	31.73	10.8%
Equipment Sales	5.89	9.16	55.6%	7.50	19.06	19.06	21.68	13.8%
Other Revenues	**0.15**	**0.07**	**-50.0%**	**0.05**	**27.06**	**0.41**	**0.32**	**-22.8%**
Operating Costs	**14.59**	**19.05**	**30.5%**	**16.35**	**58.22**	**45.36**	**49.33**	**8.8%**
COGS	5.63	9.16	62.6%	7.19	18.33	18.33	21.18	15.5%
Personnel Costs	4.47	5.09	14.0%	4.89	20.94	13.19	14.98	13.6%
Marketing & Sales	0.20	0.17	-16.4%	0.30	0.68	0.59	0.75	26.9%
Outsourcing Services (1)	2.72	2.88	5.8%	2.33	10.68	8.63	7.32	-15.2%
General & Administrative Expenses	1.55	1.74	11.7%	1.62	7.41	4.50	4.92	9.3%
Other Operating Costs	0.02	0.02	-34.8%	0.02	0.18	0.13	0.20	56.0%
Provisions and Impairment Losses	**0.01**	**0.13**	**-**	**0.05**	**0.24**	**0.08**	**0.19**	**143.4%**
EBITDA	**0.79**	**1.53**	**93.2%**	**1.48**	**29.99**	**2.68**	**4.21**	**56.9%**
EBITDA Margin (%)	5.2%	7.4%	2.2pp	8.3%	48.9%	5.6%	7.9%	2.3pp
Depreciation & Amortization	0.30	0.50	65.2%	0.37	1.14	0.95	1.20	25.9%
EBIT	**0.49**	**1.03**	**110.4%**	**1.11**	**28.84**	**1.73**	**3.01**	**73.9%**
Net Financial Results	**0.16**	**3.18**	**-**	**0.20**	**0.48**	**0.42**	**3.43**	**-**
Financial Income	0.23	3.36	-	0.23	0.67	0.59	3.83	-
Financial Expenses	0.07	0.17	138.9%	0.04	0.19	0.17	0.41	141.1%
EBT	**0.65**	**4.22**	**-**	**1.31**	**29.33**	**2.15**	**6.44**	**199.7%**
Tax results	-0.02	-0.39	-	-0.71	-0.97	0.71	-1.35	-
Net Results	**0.63**	**3.82**	**-**	**0.60**	**28.36**	**1.44**	**5.09**	**-**
Operating CAPEX (2)	0.14	0.11	-21.6%	0.10	0.47	0.40	0.36	-11.4%
Operating CAPEX as % of Turnover	0.9%	0.5%	-0.4pp	0.6%	0.8%	0.8%	0.7%	0.1pp
EBITDA - Operating CAPEX	0.65	1.42	117.6%	1.38	29.52	2.28	3.85	69.0%
Total CAPEX	0.14	0.16	12.2%	2.50	0.47	0.40	3.04	-
FCF (3)	2.51	-15.49	-	1.47	24.35	3.44	-16.03	-
Gross Debt	0.11	7.54	-	0.18	0.11	0.11	7.54	-
Net Debt	-34.53	3.02	-	-12.47	-34.53	-34.53	3.02	-
Net Debt/ EBITDA last 12 months	-1.1 x	0.5 x	1.6x	-2.4 x	-1.1 x	-7.3 x	0.5 x	7.8x
EBITDA/Interest Expenses	396.0 x	218.6 x	-177.4x	295.6 x	2,725.9 x	244.0 x	300.8 x	56.8x
Debt/(Debt + Shareholders' Funds)	0.2%	11.9%	11.6pp	0.3%	0.2%	0.6%	11.9%	11.3pp

(1) Outsourcing Services = Customer Services plus Consultants plus Subcontracts; (2) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments; (3) FCF Levered after Financial Expenses but before Capital Flows and Financing related up-front Costs; (R) Restated to exclude Enabler's contribution in 1H06 and the 25.3 million euros capital gain from the sale of Enabler in 1H06.

SSI turnover increased by 35.3% in 3Q07 to 20.6 million euros as compared to 3Q06, as a result of both higher IT equipment sales, which increased by 55.6% to 9.2 million euros, and higher service revenues, up by 22.5%, mainly driven by the 21.9% increase in service revenues at WeDo. In 3Q07, equipment sales represented 44.4% of turnover, a 5.8pp increase of the 38.6% registered in 3Q06.

SSI generated an EBITDA of 1.53 million euros in 3Q07, a 93.2% increase over 3Q06, mainly explained by the revenues growth and the tight cost management in the quarter which, excluding COGS, grew by 10.3%, despite the growth in service revenues of 22.5%. All SSI OpCo's, with the exception of Saphety which was included within SSI as from 1Q07, contributed positively to this performance. In particular, WeDo's EBITDA increased 75.4% which generated an EBITDA margin of 15.9% in the 3Q07 (15.0% YTD).
FCF excluding the acquisition of Cape Technologies was positive 1.8 million euros in 3Q07, down from positive 2.5 million in 3Q06, explained by a deterioration of working capital in the quarter which was not completely offset by the higher EBITDA result.

8. Regulatory developments

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

- In the quarter, ANACOM released its report following the public consultation on the National Frequency Allocation Plan. In that report, ANACOM expressed its intention to attribute a new mobile license to operate in the 450Mhz band;
- During the quarter ANACOM published documentation on the introduction of DTT in Portugal. In that report, ANACOM expressed their intention to promote two different public contests: one for "free-to-air" channels and another one for "Premium" channels. According to the preliminary calendar, and, if everything goes as planed, the final decision should be taken at the end of the 2Q08.

9. Corporate Developments

- On 24 August 2007, the Portuguese Competition Authority released its final approval for the acquisition of Oni's residential and SOHO customer base. As the final consideration was dependent on the number of customers and the final number of customers to be transferred from Oni has decreased, total consideration was adjusted from the initial 25 million euros to 20 million euros. In the quarter, 75% of the adjusted consideration was paid;
- On 4 September 2007, the Portuguese Competition Authority released its final approval for the acquisition Tele2 Portugal. In the quarter, Sonaecom paid 90% of the total consideration of 14.4 million euros;
- On 28 September 2007, WeDo Consulting – Sistemas de Informação, S.A., announced the acquisition of the total share capital of Cape Technologies Limited, a company incorporated in the Republic of Ireland, with 120 employees, which operates internationally in information systems for the telecommunications industry. The consideration for this acquisition was 17 million euros plus an additional amount of up to 3 million euros, subject to the accomplishment of certain pre-agreed targets. With this acquisition, WeDo becomes the world leader in the Revenue Assurance software integration market, with 370 employees spread across offices in 11 countries and with a customer base of 45 clients present in 35 countries.
- During the quarter, Sonaecom announced that it had begun the process to merge its Mobile and Fixed divisions. This operation, that has been approved by both ANACOM and "MOPTC", represents an internal reorganization that is the next natural step in the development of our integrated telecoms strategy and which will: (i) reinforce our growth strategy both in organic and non organic terms; (ii) position the organisation to anticipate and react to market trends that are moving more and more towards Fixed/Mobile convergence; (iii) facilitate the further development of new products and services; and (iv) improve operating efficiency and reduce costs.

10. Additional information

Consolidated nominal net debt before application of IAS 39

Million euros

CONSOLIDATED NOMINAL DEBT	3Q06	3Q07	y.o.y	4Q06	9M06	9M07	y.o.y
Gross Debt	479.2	328.2	-31.5%	478.0	479.2	328.2	-31.5%
Liquidity	114.9	13.9	-87.9%	125.9	114.9	13.9	-87.9%
Net Debt	364.3	314.4	-13.7%	352.0	364.3	314.4	-13.7%
Net Debt/ EBITDA last 12 months	2.0 x	2.0 x	0.1x	1.9 x	2.0 x	2.0 x	0.1x
Debt/ (Debt + Shareholders' Funds)	39.8%	26.9%	-12.9pp	34.4%	39.8%	26.9%	-12.9pp

Reconciliation of consolidated net debt

Million euros

CONSOLIDATED NET DEBT	Debt [1]	Shareholder Loans	Liquidity	Net Debt
Aggregate Debt	**327.8**	**538.0**	**77.8**	**788.0**
Optimus	3.0	208.3	6.0	205.2
Sonaecom Fixed	16.3	117.8	3.3	130.8
Público	0.0	7.2	0.1	7.1
SSI	0.0	7.5	4.5	3.0
Sonaecom SGPS [2]	308.5	4.9	57.3	256.1
Others	0.0	192.4	6.6	185.8
Intra-groups	**0.0**	**538.6**	**63.9**	**474.7**
Optimus	0.0	208.3	2.4	205.9
Sonaecom Fixed	0.0	117.8	0.0	117.8
Público	0.0	7.2	0.0	7.2
SSI	0.0	7.5	2.1	5.4
Sonaecom SGPS	0.0	5.4	53.2	-47.7
Others	0.0	192.4	6.3	186.1
Total	**327.8**	**-0.6**	**13.9**	**313.4**

(1) Debt= Bank Loans plus Other Financial Liabilities; (2) Sonaecom Holding Company Shareholder Loans relates to Treasury Applications from Operating Companies (Operating Companies' Liquidity intra-group).

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 and analysts 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

Media and Investor Contacts

Isabel Borgas
Public Relations Manager
Hisabel.borgas@sonae.comH
Tel: 351 93 100 20 20

António Gomes de Castro
Investor Relations Manager
antonio.gcastro@sonae.com
Tel: 351 93 100 20 99

Sonaecom SGPS, SA
Rua Henrique Pousão, 432 – 7º piso
4460-841 Senhora da Hora
Portugal