Results Announcement

1H10

Note: The Consolidated Financial Information contained in this report is subject to limited review procedures and is based on Financial Statements that have been prepared in accordance with International Financial Reporting Standards ("IAS/IFRS") issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union.

Consolidated EBITDA steadily growing to €99.5m, +8.8% y.o.y.
Net Results of €19.6m in 1H10, an increase of more than €18m to the 1H09
Consolidated FCF of €5.6m, a major improvement of €23.2m versus 1H09
Mobile Subscriber Base reaching 3.47 million subscribers, again up by +6.1% y.o.y.
Positive Mobile Customer Revenues evolution trend, +1.1% above the 1H09
Data Revenues increasing to a record 30.2% of Mobile Service Revenues in 2Q10, +2.4pp y.o.y.
SSI increasing Service Revenues while ensuring improved EBITDA margin, up by +1.1pp y.o.y.

Message from Ângelo Paupério, CEO of Sonaecom

During the first half of 2010, Sonaecom continued to deliver solid operating and financial results, reinforcing the positive trend it established over the preceding quarters.
At Optimus, mobile termination rates (MTRs) decreased. At Software and Information Systems (SSI), the deceleration of e-initiatives led to declining Equipment Sales, which had a direct impact on our top line figures. Despite these factors, we achieved a robust Consolidated EBITDA performance as we benefited from efficiency gains at our cost structure level. Additionally, the successful implementation of our investment plan, designed to ensure cost-effective capacity on our leading-edge network, also contributed to recurring cost reductions. A much improved EBITDA performance and a lower level of Depreciation and Amortization allowed for Net Results of 19.6million euros, a major increase versus 1H09.

Strong data growth with increased profitability

At Optimus, Data Service Revenues represented around 29.9% of Total Service Revenues, an increase of 2.3pp over 1H09. This rise was driven mainly by our Kanguru mobile broadband, while our smartphone offers, specifically targeted at the Residential segment, were also a driving factor. The launch of Optimus Boston, our first Optimus branded Android smartphone, was another step towards extending the advanced mobile experience to a broader audience.
In the Corporate and SMEs segments, Optimus – an established integrated and convergent player – is strongly positioned to meet the growing customer demand for fixed/mobile integration and convergent solutions. By contrast, the wireline Residential segment remains unattractive due to current market conditions and ongoing competitive dynamics. But with a reduced exposure, we will maintain a capital-light strategy in this area while consolidating our Next Generation Network (NGN) partnerships.
The continuing transformation of Optimus's operating model is delivering efficiency gains that translated into a mobile EBITDA of €94.4m, 6.1% above 1H09, with an EBITDA margin of 32.8%, up by 2.8pp year-on-year.
Regarding regulation, ICP-ANACOM published a final decision announcing a new MTR glide path, delaying the first tariff reduction from 1 February 2010 until 24 May 2010. After that, the glide path continues quarterly until August 2011, achieving a total reduction throughout the period of 46%. Although this is below what we think is required, the evolution of MTRs will contribute to our margin improvement.
As Optimus strives towards being Portugal's best telecoms operator, ICP-ANACOM recognized the brand in April 2010 as the leading global operator for video calls, evidencing the quality of its 3G network. In June 2010, *Associação Portuguesa de Contact Centres* (APCC) declared that Optimus has the best contact centre in the industry and, what's more, the best in Portugal.

SSI: pursuing global growth

As in previous quarters, SSI continued to actively pursue growth. Now recognized by Stratecast as having a 25% market share, WeDo Technologies is working towards reinforcing its worldwide leadership in the telecoms revenue assurance market while broadening its portfolio into fraud management solutions and addressing new sectors. In 1H10, SSI's Service Revenues increased 5.5% year-on-year. While this did not totally offset the expected decline in Equipment Sales, it translated into a 1.1% EBITDA increase versus 1H09, a 22.4% growth in the 2Q10, year-on-year.

People at the core of our success

Significantly, we also bucked prevailing macroeconomic trends during 1H10 increasing our direct workforce versus 1H09. Importantly, our priority is to keep reinforcing our core management competencies and technical expertise by offering our staff continuous training, especially through our Sonaecom Learning Centre (SLC). With close links to leading academic institutions, this centralized educational resource also acts as the principal channel for communicating Sonaecom's culture and values.

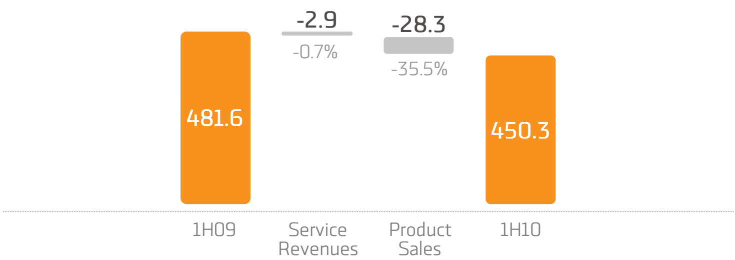
Our competitive advantages reinforce our confidence

Times are still tough. But with our lean operations, the flexibility to overcome upcoming difficulties and our highly motivated team, we can face the future with confidence. Another reassuring advantage comes from Sonaecom's comfortable capital structure. During 1H10, this was further reinforced as a result of our cash flow performance, up by €25.7m versus 1H09, translating into a Net Debt to EBITDA ratio of 1.6x, the most conservative in the market.
At this stage, we remain confident that our results will continue to show a favorable evolution throughout 2010.

1. Consolidated Results

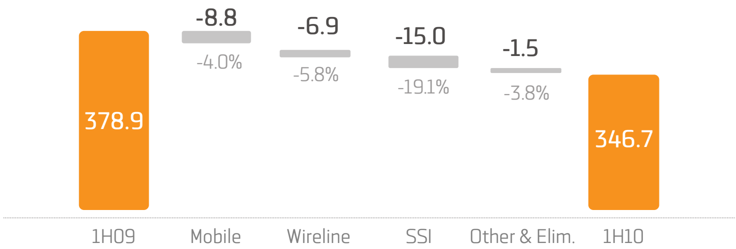
Turnover

Consolidated Turnover totalled 450.3 million euros in the 1H10, 6.5% below the 1H09, as a result of a 35.5% reduction in the level of Product Sales, a decrease which is mostly explained by the deceleration of the e-initiatives programme, and a 0.7% reduction in the level of Service Revenues, due to MTRs and Roaming in.
It should be highlighted that Mobile Customer Revenues stood 1.1% above the level registered in the 1H09 and Service Revenues at SSI have grown by 5.3% y.o.y..



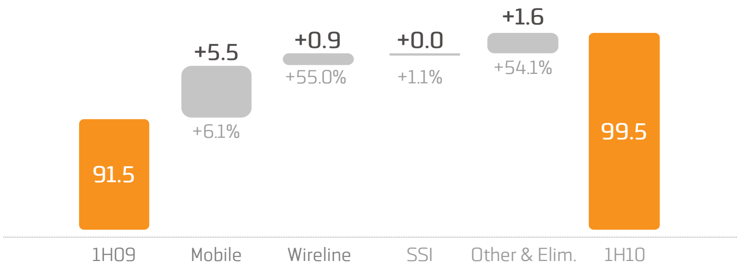
Operating Costs

Total Operating Costs decreased by 8.5% to 346.7 million euros and represented about 77.0% of the Consolidated Turnover. Once more, this is a positive outcome of our cost control initiatives, aimed at creating efficiencies across all our business divisions and support areas.

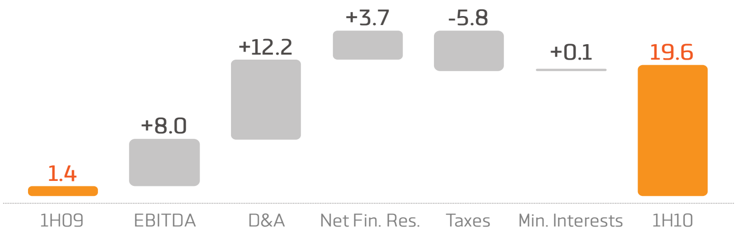


EBITDA

Consolidated EBITDA increased in the 1H10 by 8.8%, to 99.5 million euros and Consolidated EBITDA margin stood at 22.1%, 3.1pp above the 1H09. It should be noted that this EBITDA margin increase was an achievement transversal to all our business divisions.



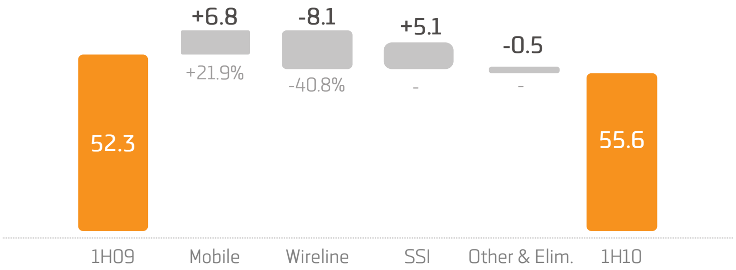
Net Profit



Net Results Group Share was positive by 19.6 million euros in the 1H10, compared to 1.4 million euros in the 1H09, mainly due to the much improved EBITDA performance and the lower level of Depreciation and Amortization. When compared to the 1H09, Net Financial Results improved by 50.1%, to negative 3.7 million euros, reflecting: i) lower Financial Expenses, down by 3.3 million euros, due to the lower average Net Debt in the 1H10 and the decrease in the average cost of debt, as a reflection of movements in market rates; and ii) 0.4 million increase in Financial Income, driven by exchange rates gains and a higher level of Liquidity.
The tax line in the 1H10 showed a cost of 9.3 million euros, compared to a cost of 3.5 million euros in the 1H09, driven mainly by the much improved EBT performance (from a positive 5.1 million to a positive 29.0 million euros).

Operating CAPEX

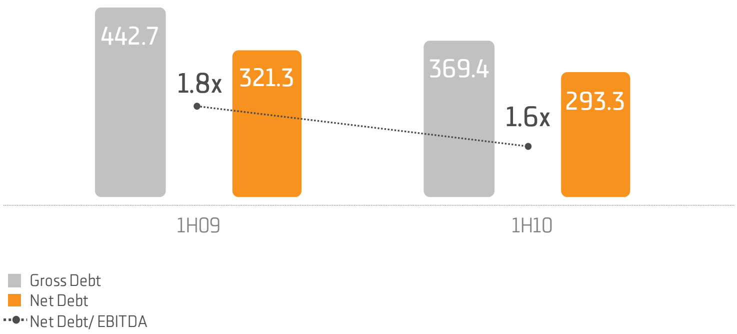
Operating CAPEX reached 55.6 million euros in the 1H10, increasing 6.3% when compared to the 1H09. While the decrease in the Wireline business is explained by our "capital light" positioning, the increase in the Mobile business is justified by the continuous improvements in the expansion and coverage of our network, aimed at ensuring that Optimus has the best integrated network in Portugal. The Operating CAPEX increase in SSI is explained by a WeDo Technologies upfront investment related with the acquisition of exclusivity rights in a large client.



As a consequence of our performance in terms of Revenues and Capex, Operating Capex as percentage of Turnover has evolved from 10.9% to 12.3%, an increase of 1.5pp.

Capital structure

Consolidated Gross Debt totalled 369.4 million euros, 73.3 million euros below the level registered in the 1H09. After the completion, in July, of all the 2010 contracted debt repayments, totalizing 110 million, Sonaecom Credit facilities amount to circa 484 million euros.
Consolidated Net Debt, as at the end of the 1H10, stood at 293.3 million euros, 8.7% below the 1H09. This positive evolution is a consequence of our cash generation performance, which already considers a quarterly 5 million outflow related with the securitization transaction.



As indicated, all 2010 debt repayments have already been covered, no refinancing needs are expected until mid 2012 and the average maturity of Sonaecom's debt now stands at, approximately, 2.7 years.

In terms of evolution of the key financial ratios we highlight that Net Debt to EBITDA reached 1.6x in the 1H10, an improvement of 0.2x when compared to the end of the 1H09, and Interest Cover ratio evolved y.o.y. from 8.8x to 12.7x.

FCF

Consolidated FCF in the 1H10 was positive 5.6 million euros, 23.2 million euros above the 1H09, consolidating the very positive trend of the previous quarters, as a consequence of our consistent improvement in terms of EBITDA-Operating Capex and Working Capital performance.

2. Telecommunications

Our entire Telecommunications business is now managed under the umbrella brand Optimus, which is recognised as commanding a significant presence in all market segments. Optimus is a convergent and integrated player, supported on its leading-edge network, delivering innovative services and working towards becoming Portugal's best integrated telecommunications operator.

2.1. Mobile Business

Positioned in a privileged situation to capture value from the existing Mobile Data trends, our Mobile business maintained the positive pace of the previous quarters, not only in terms of Subscribers but also in terms of Mobile Customer Revenues. Also, Optimus has been able to ensure material growth of Data usage, being positioned above the national competition and European benchmarks.

2.1.1. Operational data

MOBILE OPERATIONAL KPI's	2Q09	2Q10	Δ 10/09	1Q10	q.o.q	1H09	1H10	Δ 10/09
Customers (EOP) ('000)	3,268.7	3,469.3	6.1%	3,449.8	0.6%	3,268.7	3,469.3	6.1%
Net Additions ('000)	48.9	19.5	-60.1%	17.2	13.1%	77.1	36.8	-52.3%
Data as % Service Revenues	27.8%	30.2%	2.4pp	29.6%	0.7pp	27.6%	29.9%	2.3pp
Total #SMS/month/user	48.5	48.3	-0.5%	48.2	0.1%	47.5	48.3	1.6%
MOU(1) (min.)	131.3	135.0	2.8%	134.4	0.4%	129.5	134.7	4.0%
ARPU(2) (euros)	14.9	13.8	-7.8%	13.7	0.5%	14.9	13.7	-8.0%
Customer Monthly Bill	12.2	11.5	-5.4%	11.4	1.1%	12.1	11.5	-5.6%
Interconnection	2.8	2.3	-18.1%	2.3	-2.5%	2.8	2.3	-18.3%
ARPM(3) (euros)	0.11	0.10	-10.3%	0.10	0.0%	0.12	0.10	-11.5%

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

Customer base

Optimus Mobile customer base maintained its rising trend, having increased in the 1H10 by 6.1%, to circa 3.47 million customers. Optimus has been consistently evolving in terms of clients, which is an excellent achievement given the maturity of the Portuguese Mobile market. Our Contract customers reached approximately 32.7% of the total mobile base, an increase of 1.3pp against the end of the 1H09.

During the 1H10, Mobile customer's ARPU was 13.7 euros, down by approximately 1.2 euros against the 1H09, explained by a combination of lower Interconnection Revenues (which decreased from 2.8 euros to 2.3 euros) and of lower Customer Monthly Bill (which decreased from 12.1 euros to 11.5 euros), notwithstanding the 4.0% increase in the level of MOU.

Data Services and Mobile Broadband

We have been able to sustain a material growth of data usage, both through the promotion of our mobile broadband products "Kanguru", based on HSPA technology, and the introduction of very appealing post-paid offers, specially aimed at pushing smartphones penetration in the Residential segment.

During the 1H10, Data Revenues represented 29.9% of Service Revenues, an improvement of 2.3pp vs. the 1H09. Non-SMS related data services continued to increase their weight, accounting for approximately 75.6% of total Data Revenues in the 1H10, compared to 72.5% in the 1H09.

2.1.2. Financial data

Million euros								
MOBILE INCOME STATEMENT	2Q09	2Q10	Δ 10/09	1Q10	q.o.q	1H09	1H10	Δ 10/09
Turnover	**152.0**	**145.6**	**-4.2%**	**142.5**	**2.2%**	**298.8**	**288.1**	**-3.6%**
Service Revenues	140.5	138.8	-1.1%	137.4	1.0%	279.7	276.3	-1.2%
Customer Revenues	115.1	116.1	0.9%	114.3	1.6%	227.9	230.4	1.1%
Operator Revenues	25.3	22.7	-10.3%	23.2	-2.0%	51.8	45.9	-11.4%
Equipment Sales	11.6	6.8	-41.4%	5.0	34.9%	19.1	11.8	-38.3%
Other Revenues	**8.7**	**8.3**	**-5.3%**	**8.3**	**-1.0%**	**17.4**	**16.6**	**-4.9%**
Operating Costs	**110.7**	**105.9**	**-4.3%**	**104.2**	**1.6%**	**219.0**	**210.1**	**-4.0%**
Personnel Costs	12.7	13.2	4.2%	13.0	2.2%	26.7	26.2	-1.8%
Direct Servicing Costs(1)	40.0	42.1	5.4%	44.9	-6.0%	83.0	87.0	4.8%
Commercial Costs(2)	31.3	24.7	-20.9%	20.4	21.0%	55.8	45.2	-19.1%
Other Operating Costs(3)	26.7	25.8	-3.4%	26.0	-0.7%	53.5	51.7	-3.2%
Provisions and Impairment Losses	4.9	0.0	-100.0%	0.2	-99.7%	8.4	0.2	-97.6%
EBITDA	**45.1**	**48.0**	**6.3%**	**46.4**	**3.4%**	**88.9**	**94.4**	**6.1%**
EBITDA Margin (%)	29.7%	32.9%	3.3pp	32.6%	0.4pp	29.7%	32.8%	3.0pp
Operating CAPEX(4)	18.0	19.8	10.0%	17.9	10.7%	30.9	37.6	21.9%
Operating CAPEX as % of Turnover	11.8%	13.6%	1.8pp	12.5%	1.0pp	10.3%	13.1%	2.7pp
EBITDA - Operating CAPEX	27.2	28.2	3.8%	28.5	-1.2%	58.0	56.7	-2.2%
Total CAPEX	18.1	19.9	10.0%	18.0	10.7%	31.8	37.9	19.4%

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

Turnover

We maintained our positive evolution in terms of Mobile Customer Revenues, having grown from 227.9 million euros to 230.4 million euros. Nonetheless, Mobile Turnover decreased y.o.y. to, approximately, 288.1 million euros, due to a decrease of 11.4% in the level of Operator Revenues, fully driven by regulated tariffs, and a decrease of 38.3% in the level of Equipment sales. In terms of MTRs it should be noted that the 1H10 was a period without asymmetry, in which the tariffs stood at 0.065 euros until the 24th of May and 0.060 euros afterwards.

Operating Costs

Mobile Operating Costs decreased y.o.y. from 219.0 million euros to 210.1 million euros. This cost reduction strategy was clear across all the cost lines with the exception of Direct Servicing Costs, which evolved positively due to our enlarged network and higher traffic levels, an outcome driven by the increased level of activity, despite the lower MTRs. Additionally, we've been achieving a recovery in terms of judicial and non-judicial collections of previous years' credits allowing us to partially offset the level of current Provisions.

EBITDA

Mobile EBITDA increased to 94.4 million euros, up by 6.1% against the 1H09, mostly due to a 4.0% decrease in the level of Operating Costs. The EBITDA margin reached 32.8%, improving 3.1pp when compared to the 1H09, an excellent accomplishment for our operation.

2.2. Wireline Business

In this semester, both our Wholesale and our Corporate and SMEs divisions continued to deliver positive results. We deeply believe that convergence will be the key growth driver in business segments and our positioning, which comprises an integrated architecture enabling convergent solutions, is the best way to address customers demand. In the Residential segment, the competitive environment remained unattractive, thus we will keep focusing on value growth in terms of subscriber base, while leveraging our infrastructure and partnerships.

2.2.1. Operational data

WIRELINE OPERATIONAL KPI's	2Q09	2Q10	Δ 10/09	1Q10	q.o.q	1H09	1H10	Δ 10/09
Total Acesses	**528,467**	**447,990**	**-15.2%**	**463,853**	**-3.4%**	**528,467**	**447,990**	**-15.2%**
Direct Accesses	**432,886**	**372,751**	**-13.9%**	**385,533**	**-3.3%**	**432,886**	**372,751**	**-13.9%**
Direct Voice	232,258	199,086	-14.3%	207,285	-4.0%	232,258	199,086	-14.3%
Direct Broadband	171,256	121,882	-28.8%	131,611	-7.4%	171,256	121,882	-28.8%
Other Direct Services	29,372	51,783	76.3%	46,637	11.0%	29,372	51,783	76.3%
Indirect Accesses	**95,581**	**75,239**	**-21.3%**	**78,320**	**-3.9%**	**95,581**	**75,239**	**-21.3%**
Unbundled COs with transmission	192	203	5.7%	203	0.0%	192	203	5.7%
Unbundled COs with ADSL2+	175	182	4.0%	182	0.0%	175	182	4.0%
Direct access as % Cust. Revenues	77.4%	72.1%	-5.4pp	73.4%	-1.3pp	77.5%	72.7%	-4.8pp
Average Revenue per Access - Retail	22.3	23.5	5.4%	23.5	0.1%	22.6	23.5	3.9%

Customer base

In the 1H10, the Corporate and SMEs segment was able to increase its market presence, with the number of Total Accesses evolving positively. Despite this positive trend, Wireline Total Accesses continued to decrease, driven by the Residential segment, reaching circa 448 thousand, a decrease of 15.2% when compared to the end of the 1H09, explained both by a 13.9% decrease in Direct Accesses and a 21.3% reduction in Indirect Accesses.

2.2.2. Financial data

Million euros WIRELINE INCOME STATEMENT	2Q09	2Q10	Δ 10/09	1Q10	q.o.q	1H09	1H10	Δ 10/09
Turnover	**60.0**	**59.4**	**-1.1%**	**60.9**	**-2.5%**	**124.3**	**120.3**	**-3.2%**
Service Revenues	59.2	59.2	-0.1%	60.8	-2.7%	123.1	120.0	-2.6%
Customer Revenues	34.3	30.8	-10.3%	31.8	-3.3%	71.7	62.6	-12.6%
Direct Access Revenues	26.6	22.2	-16.5%	23.4	-5.0%	55.6	45.6	-18.0%
Indirect Access Revenues	7.0	6.5	-7.3%	6.5	-0.2%	14.4	13.0	-9.5%
Other	0.7	2.1	185.3%	2.0	6.9%	1.8	4.1	132.4%
Operator Revenues	24.9	28.4	14.1%	28.9	-2.0%	51.4	57.3	11.4%
Equipment Sales	0.8	0.2	-75.3%	0.1	123.3%	1.2	0.3	-74.7%
Other Revenues	**0.5**	**0.5**	**-0.8%**	**0.1**	**-**	**0.5**	**0.6**	**28.9%**
Operating Costs	**57.4**	**55.0**	**-4.2%**	**56.7**	**-2.9%**	**118.6**	**111.7**	**-5.8%**
Personnel Costs	1.2	0.9	-29.1%	1.0	-12.7%	2.7	1.9	-31.1%
Direct Servicing Costs(1)	36.5	38.7	5.9%	39.4	-1.9%	77.0	78.1	1.4%
Commercial Costs(2)	6.7	4.0	-39.5%	4.3	-7.0%	12.4	8.4	-32.6%
Other Operating Costs(3)	13.0	11.5	-11.9%	11.9	-3.9%	26.5	23.4	-11.7%
Provisions and Impairment Losses	2.1	2.9	42.7%	3.6	-18.8%	4.5	6.5	46.8%
EBITDA	**1.0**	**1.9**	**82.4%**	**0.7**	**167.8%**	**1.7**	**2.6**	**55.0%**
EBITDA Margin (%)	1.7%	3.2%	1.5pp	1.2%	2.0pp	1.3%	2.2%	0.8pp
Operating CAPEX(4)	12.0	6.4	-46.3%	5.3	21.7%	19.7	11.7	-40.8%
Operating CAPEX as % of Turnover	19.9%	10.8%	-9.1pp	8.7%	2.1pp	15.9%	9.7%	-6.2pp
EBITDA - Operating CAPEX	-10.9	-4.5	58.6%	-4.6	0.9%	-18.1	-9.1	49.7%
Total CAPEX	12.0	6.4	-46.3%	5.3	21.7%	19.7	11.7	-40.8%

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

Turnover

Wireline Turnover decreased y.o.y. to, approximately, 120.3 million euros, mainly as a result of a 2.6% lower level of Service Revenues. The 11.4% increase in Operator Revenues didn't totally offset the 12.6% decrease in Customer Revenues, fully driven by the Residential segment.

Operating Costs

Wireline Operating Costs decreased y.o.y. from 118.6 million euros to 111.7 million euros, mainly due to a reduction in the level of Commercial and Other Operating Costs, a direct consequence of our cost control initiatives, namely in areas such as IT and Network. The level of Provisions increased y.o.y. from 4.5 million euros to 6.5 million euros impacted by a one-off revaluation carried out in the 2Q10.

EBITDA

As a result of our performance in terms of Revenues and Costs, Wireline EBITDA increased y.o.y. to 2.6 million euros. The EBITDA margin stood at 2.2%, increasing 0.8pp in relation to the 1H09.

3. Software and Information Systems (SSI)

Our SSI division comprises four companies: WeDo Technologies (a provider of Business Assurance solutions, addressing the optimisation of both business performance and risk management systems and processes), Mainroad (IT Management, Security and Business Continuity), Bizdirect (value added IT Products) and Saphety (Business process automation, electronic invoicing and security on B2B transactions).

WeDo Technologies, which serves more than 100 clients in 73 countries, continued in this semester its international expansion. The amount of International Revenues represented in the 1H10 circa 63.4% of the total Revenues, increasing y.o.y. by more than 7pp. Also, WeDo Technologies level of orders increased y.o.y. by circa 14.4%, a very good indicator of upcoming activity.

3.1. Operational data

SSI OPERATIONAL KPI's	2Q09	2Q10	Δ 10/09	1Q10	q.o.q	1H09	1H10	Δ 10/09
IT Service Revenues/Employee[1] ('000 euros)	34.5	33.0	-4.3%	29.2	13.0%	62.7	62.2	-0.9%
Equipment Sales as % Turnover	62.5%	50.0%	-12.4pp	52.1%	-2.1pp	61.9%	51.0%	-10.8pp
Equipment Sales/Employee[2] ('000 euros)	1,467.1	730.2	-50.2%	739.7	-1.3%	2,915.9	1,469.7	-49.6%
EBITDA/Employee ('000 euros)	3.6	4.2	15.8%	2.9	46.8%	7.5	7.1	-5.9%
Employees	507	537	5.9%	534	0.6%	507	537	5.9%

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

IT Service Revenues per Employee reached 62.2 thousand euros in the 1H10, 0.9% below the 1H09, while Equipment Sales per Employee have decreased y.o.y. by circa 10.8pp. The latter evolution was mostly due to the lower level of Equipment Sales, as expected with the deceleration of the e-initiatives programme. SSI total headcount increased to 537, a 5.9% y.o.y. growth, mainly due to the need for additional internal consultants to support the increased level of activity at all subsidiaries and to the growing international footprint of WeDo Technologies: the total number of employees placed outside Portugal is of 162 in the 1H10, against 145 in the 1H09, representing an increase of 11.7%. EBITDA per employee reached 7.1 thousand euros, a 5.9% y.o.y. decrease, as a consequence of the increase in the number of employees, which offsets the increase in the level of EBITDA.

Corporate Achievements

During the 2Q10, in a report from Stratecast, "Revenue Assurance and Cost Management Global CSP Sector Assessment", WeDo Technologies is ranked as the 2009 Global market leader, with a 25% share of the total Revenue Assurance Telecoms market, a highly fragmented market in which the second player ranks 9pp behind. Stratecast believes WeDo Technologies' leadership is derived from a team dedicated to addressing the needs of telecom operators and the Revenue Assurance solutions delivered to its customers. This report confirms WeDo Technologies' growing role in what is becoming an increasingly relevant market sector.

3.2. Financial data

Million euros

SSI CONSOLIDATED INCOME STATEMENT	2Q09	2Q10	Δ 10/09	1Q10	q.o.q	1H09	1H10	Δ 10/09
Turnover	**42.21**	**34.97**	**-17.2%**	**32.43**	**7.8%**	**82.13**	**67.40**	**-17.9%**
Service Revenues	15.84	17.47	10.3%	15.53	12.5%	31.32	32.99	5.3%
Equipment Sales	26.37	17.50	-33.6%	16.91	3.5%	50.81	34.41	-32.3%
Other Revenues	**0.07**	**0.09**	**18.5%**	**0.11**	**-24.2%**	**0.32**	**0.20**	**-37.2%**
Operating Costs	**40.43**	**32.59**	**-19.4%**	**30.92**	**5.4%**	**78.54**	**63.51**	**-19.1%**
Personnel Costs	7.09	7.57	6.7%	7.43	1.9%	14.11	15.01	6.3%
Commercial Costs(1)	26.36	17.44	-33.9%	16.64	4.8%	50.70	34.08	-32.8%
Other Operating Costs(2)	6.98	7.58	8.7%	6.84	10.9%	13.73	14.42	5.0%
Provisions and Impairment Losses	-0.05	0.13	-	0.04	-	0.03	0.17	-
EBITDA	**1.90**	**2.33**	**22.4%**	**1.59**	**46.5%**	**3.88**	**3.92**	**1.1%**
EBITDA Margin (%)	4.5%	6.7%	2.2pp	4.9%	1.8pp	4.7%	5.8%	1.1pp
Operating CAPEX(3)	0.99	5.79	-	0.70	-	1.44	6.49	-
Operating CAPEX as % of Turnover	2.3%	16.6%	14.2pp	2.2%	14.4pp	1.8%	9.6%	7.9pp
EBITDA - Operating CAPEX	0.92	-3.46	-	0.89	-	2.44	-2.57	-
Total CAPEX	0.99	5.79	-	0.70	-	1.44	6.49	-

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

Turnover

SSI Turnover decreased y.o.y. by 17.9% to, approximately, 67.4 million euros, fully driven by a decrease of 32.3% in the level of IT Equipment Sales. This decrease is due to the expected slowdown of laptop sales under the e-initiatives programme. The level of Service Revenues stood at 33.0 million euros, increasing 5.3% when compared to the 1H09.

Operating Costs

Total Operating Costs decreased y.o.y. by 19.1%, to 63.5 million euros, totally driven by a 32.8% decrease in the level of Commercial Costs, namely in Cost of Goods Sold. It is important to note that the increase in Personnel Costs and Other Operating Costs (mostly Outsourcing costs) was driven by a higher level of activity across all subsidiaries and by the expansion of WeDo Technologies International footprint.

EBITDA

During the 1H10, SSI EBITDA evolved positively to 3.9 million, increasing 1.1% when compared with the 1H09, as a consequence of the registered positive evolution in terms of Operating Costs, which more than compensated the top line decrease. In terms of quarterly evolution, it should be noted that between 2Q09 and 2Q10, SSI EBITDA increased from 1.9 million euros to 2.3 million euros, performing an increase of 22.4%. In the 1H09, the EBITDA margin increased y.o.y. from 4.7% to 5.8%, giving evidence of the combination between higher Service Revenues and lower Equipment Sales.

4. Online & Media

The Online & Media business comprises a set of additional businesses such as Miau.pt, Público.pt and, notably, Público, a reference daily Portuguese newspaper, now with over 20 years of activity.

Regarding Público, during the 2Q10, the market dynamics subsisted for daily generalist press both in terms of circulation and in terms of advertising figures. However, Público was able to increase its advertising revenues in the 2Q10, which have grown by more than 11.1% in relation to the 1Q10.
In what relates to Público on-line business, which had in the 1H10 an average of circa 6.5 million monthly visits, it is worth highlighting the improvement of some fundamental indicators and also the success of some innovative projects. During 1H10, Público concluded several relevant digital projects, within which an iPhone Público application and the printed edition for Amazon Kindle.

In terms of Financial Overview, 1H10 Online & Media EBITDA was still negative 0.30 million euros but improving its upwards trend, increasing when compared to the negative 1.67 million euros of the 1H09. Mainly due to an increased level of newspaper sales and Associated Product Sales, the 2Q10 EBITDA level was positive 0.13 million euros, a confirmation of our efficient execution.

5. Main Regulatory Developments in the 2Q10

The following are some of the more relevant regulatory developments during the 2Q10:

- On 21 May, ICP-ANACOM approved the final decision regarding the definition of relevant wholesale markets for voice call termination on individual mobile networks (market 7). This decision included a glide-path for the mobile termination rates and, contrary to what was anticipated in the draft decision, the prices were not retroactive and entered into force only on 24 May 2010:

	Tariffs
24 May 2010	0.060
24 August 2010	0.055
24 November 2010	0.050
24 February 2011	0.045
24 May 2011	0.040
24 August 2011	0.035

- On 22 July 2010, ICP-ANACOM approved the final decision authorizing the refarming of 900 and 1800 MHz frequencies, which means that UMTS services can also be supported in 900 and 1800 MHz frequencies. In the scope of this process, ICP-ANACOM decided to replace the former licenses by a single new title.

6. Main Corporate Events

- In accordance with the authorizations granted by the Shareholders' General Assembly and for the purpose of fulfilling the obligations arising from the employees' Medium Term Incentive Plan (MTIP), Sonaecom purchased, from 18 May to 21 May, through the Euronext Lisbon Stock Exchange, a total of 433,000 shares, representing, approximately, 0.12% of its share capital. As of 21 May 2010, Sonaecom was the holder of 8,264,325 own shares representing, approximately, 2.26% of its share capital.

- On 26 July 2010, Saphety Level – Trusted Services, SA, reached an agreement with Softlimits regarding the acquisition of its B2B business unit - "Mercados Electrónicos". This agreement constitutes a movement aimed at reinforcing Saphety's position in the electronic invoicing market, one of its key strategic areas.

7. Appendix

7.1. Consolidated Income Statement

Million euros

CONSOLIDATED INCOME STATEMENT	2Q09	2Q10	Δ 10/09	1Q10	q.o.q	1H09	1H10	Δ 10/09
Turnover	**240.7**	**227.6**	**-5.4%**	**222.8**	**2.2%**	**481.6**	**450.3**	**-6.5%**
Mobile	152.0	145.6	-4.2%	142.5	2.2%	298.8	288.1	-3.6%
Wireline	60.0	59.4	-1.1%	60.9	-2.5%	124.3	120.3	-3.2%
SSI	42.2	35.0	-17.2%	32.4	7.8%	82.1	67.4	-17.9%
Other & Eliminations	-13.6	-12.4	8.8%	-13.0	5.0%	-23.7	-25.4	-7.3%
Other Revenues	**1.4**	**1.6**	**16.7%**	**1.1**	**44.6%**	**2.3**	**2.8**	**19.8%**
Operating Costs	**188.9**	**174.6**	**-7.6%**	**172.1**	**1.4%**	**378.9**	**346.7**	**-8.5%**
Personnel Costs	24.4	24.3	-0.6%	24.5	-0.7%	49.2	48.8	-0.9%
Direct Servicing Costs[1]	63.6	68.4	7.5%	71.1	-3.7%	133.5	139.5	4.5%
Commercial Costs[2]	64.6	46.8	-27.5%	42.2	11.0%	123.5	89.0	-28.0%
Other Operating Costs[3]	36.3	35.0	-3.4%	34.4	1.8%	72.7	69.5	-4.4%
EBITDAP	**53.2**	**54.7**	**2.8%**	**51.8**	**5.6%**	**105.0**	**106.4**	**1.3%**
Provisions and Impairment Losses	7.1	3.1	-56.6%	3.9	-20.6%	13.5	6.9	-48.8%
EBITDA	**46.1**	**51.6**	**11.9%**	**47.9**	**7.7%**	**91.5**	**99.5**	**8.8%**
EBITDA Margin (%)	19.2%	22.7%	3.5pp	21.5%	1.2pp	19.0%	22.1%	3.1pp
Mobile	45.1	48.0	6.3%	46.4	3.4%	88.9	94.4	6.1%
Wireline	1.0	1.9	82.4%	0.7	167.8%	1.7	2.6	55.0%
SSI	1.9	2.3	22.4%	1.6	46.5%	3.9	3.9	1.1%
Other & Eliminations	-2.0	-0.6	70.0%	-0.8	23.1%	-3.0	-1.4	54.1%
Depreciation & Amortization	39.7	32.8	-17.3%	34.0	-3.7%	79.1	66.8	-15.5%
EBIT	**6.5**	**18.8**	**191.4%**	**13.9**	**35.6%**	**12.4**	**32.7**	**162.7%**
Net Financial Results	**-3.4**	**-1.7**	**50.3%**	**-2.0**	**14.5%**	**-7.3**	**-3.7**	**50.1%**
Financial Income	1.4	2.0	44.6%	1.5	33.1%	3.1	3.5	11.7%
Financial Expenses	4.8	3.7	-22.9%	3.5	6.0%	10.4	7.1	-31.6%
EBT	**3.1**	**17.1**	-	**11.9**	**43.8%**	**5.1**	**29.0**	-
Tax results	-1.8	-5.6	-	-3.7	-51.4%	-3.5	-9.3	-163.2%
Net Results	**1.2**	**11.5**	-	**8.2**	**40.5%**	**1.6**	**19.7**	-
Group Share	1.2	11.5	-	8.2	40.7%	1.4	19.6	-
Attributable to Minority Interests	0.1	0.1	-7.2%	0.1	6.3%	0.2	0.1	-40.0%

(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 + others.

7.2. Consolidated Balance Sheet

Million euros CONSOLIDATED BALANCE SHEET	1H09	1H10	D10/09	1Q10	q.o.q
Total Net Assets	**1,957.2**	**1,820.5**	**-7.0%**	**1,910.6**	**-4.7%**
Non Current Assets	1,481.6	1,488.3	0.5%	1,493.7	-0.4%
Tangible and Intangible Assets	832.0	846.0	1.7%	847.1	-0.1%
Goodwill	525.9	526.2	0.1%	526.1	0.0%
Investments	1.2	1.2	0.0%	1.2	0.0%
Deferred Tax Assets	122.5	114.8	-6.2%	119.1	-3.6%
Others	0.0	0.1	-	0.0	-
Current Assets	475.6	332.2	-30.2%	417.0	-20.3%
Trade Debtors	162.2	134.8	-16.9%	143.3	-5.9%
Liquidity	121.4	76.1	-37.3%	76.3	-0.3%
Others	192.1	121.4	-36.8%	197.4	-38.5%
Shareholders' Funds	**930.8**	**953.5**	**2.4%**	**941.5**	**1.3%**
Group Share	930.5	953.1	2.4%	941.1	1.3%
Minority Interests	0.3	0.5	29.9%	0.4	14.2%
Total Liabilities	**1,026.4**	**867.0**	**-15.5%**	**969.1**	**-10.5%**
Non Current Liabilities	583.1	439.4	-24.6%	459.9	-4.5%
Bank Loans	411.6	319.8	-22.3%	328.5	-2.6%
Provisions for Other Liabilities and Charges	32.3	32.7	1.3%	31.8	2.7%
Others	139.3	86.9	-37.6%	99.6	-12.8%
Current Liabilities	443.4	427.6	-3.6%	509.2	-16.0%
Bank Loans	8.4	26.5	-	21.6	22.9%
Trade Creditors	190.4	180.3	-5.3%	194.1	-7.1%
Others	244.5	220.8	-9.7%	293.5	-24.8%
Operating CAPEX(1)	52.3	55.6	6.3%	23.9	132.2%
Operating CAPEX as % of Turnover	10.9%	12.3%	1.5pp	10.7%	1.6pp
Total CAPEX	53.2	55.9	5.1%	24.1	132.1%
EBITDA - Operating CAPEX	39.2	43.9	12.0%	24.0	83.2%
Operating Cash Flow(2)	3.6	24.2	-	12.4	95.4%
FCF(3)	-17.6	5.6	-	1.3	-
Gross Debt	442.7	369.4	-16.6%	373.5	-1.1%
Net Debt	321.3	293.3	-8.7%	297.2	-1.3%
Net Debt/ EBITDA last 12 months	1.8 x	1.6 x	-0.2x	1.7 x	-0.1x
EBITDA/Interest Expenses(4) (last 12 months)	8.8 x	12.7 x	3.9x	11.3 x	1.4x
Debt/Total Funds (Debt + Shareholders' Funds)	32.2%	27.9%	-4.3pp	28.4%	-0.5pp
Excluding the Securitisation Transaction:					
Net Debt	409.9	362.3	-11.6%	371.0	-2.3%
Net Debt/ EBITDA last 12 months	2.2x	2.0 x	-0.2x	2.1x	-0.1x
EBITDA/Interest Expenses(4) (last 12 months)	8.8 x	12.7 x	3.9x	11.3x	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.

7.3. Levered FCF

Million euros								
LEVERED FREE CASH FLOW	2Q09	2Q10	Δ 10/09	1Q10	q.o.q	1H09	1H10	Δ 10/09
EBITDA-Operating CAPEX	**15.2**	**19.9**	**31.2%**	**24.0**	**-16.9%**	**39.2**	**43.9**	**12.0%**
Change in WC	25.8	-8.4	-	-11.9	29.5%	-42.1	-20.3	51.8%
Non Cash Items & Other	-1.2	0.3	-	0.3	-13.6%	6.5	0.6	-90.7%
Operating Cash Flow	**39.8**	**11.8**	**-70.3%**	**12.4**	**-4.9%**	**3.7**	**24.2**	**-**
Securitisation Transaction	-5.0	-5.0	0.0%	-5.0	0.0%	-10.0	-10.0	0.0%
Own shares	-0.7	-0.5	22.7%	-3.0	81.6%	-2.0	-3.5	-75.9%
Financial results	-5.0	-0.8	83.2%	-2.4	64.6%	-9.2	-3.2	65.2%
Income taxes	-0.9	-1.2	-40.4%	-0.7	-64.7%	-0.1	-1.9	-
FCF	**28.2**	**4.2**	**-85.0%**	**1.3**	**-**	**-17.6**	**5.6**	**-**

7.4. Headcount

Sonaecom	2Q09	2Q10	Δ 10/09	1Q10	q.o.q	1H09	1H10	Δ 10/09
Total Employees	2,002	2,063	3.0%	2,053	0.5%	2,002	2,063	3.0%
o.w. Telecommunications	1,097	1,127	2.7%	1,119	0.7%	1,097	1,127	2.7%
o.w. SSI	507	537	5.9%	534	0.6%	507	537	5.9%

7.5. Online & Media

PÚBLICO OPERATIONAL KPI's	2Q09	2Q10	Δ 10/09	1Q10	q.o.q	1H09	1H10	Δ 10/09
Average Paid Circulation[1]	38,544	33,591	-12.9%	32,836	2.3%	39,347	33,025	-16.1%
Market Share of Advertising (%)	12.3%	10.3%	-2.0pp	10.4%	-0.1pp	12.0%	10.6%	-1.4pp
Audience[2] (%)	4.2%	4.4%	0.2pp	4.4%	0.0pp	4.4%	4.4%	0.0pp
Employees	248	246	-0.8%	244	0.8%	248	246	-0.8%

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

Million euros

ONLINE & MEDIA CONS. INCOME STATEMENT	2Q09	2Q10	Δ 10/09	1Q10	q.o.q	1H09	1H10	Δ 10/09
Turnover	**7.76**	**7.92**	**2.1%**	**7.38**	**7.4%**	**15.17**	**15.30**	**0.9%**
Advertising Sales[1]	3.69	3.42	-7.5%	3.08	11.1%	6.83	6.49	-4.9%
Newspaper Sales	2.89	3.27	13.0%	3.14	4.2%	5.95	6.40	7.7%
Associated Product Sales	1.17	1.24	5.7%	1.17	6.2%	2.40	2.41	0.4%
Other Revenues	**0.05**	**0.07**	**45.2%**	**0.05**	**46.0%**	**0.10**	**0.12**	**15.9%**
Operating Costs	**8.44**	**7.85**	**-7.0%**	**7.85**	**0.0%**	**16.75**	**15.70**	**-6.2%**
Personnel Costs	3.13	2.66	-14.9%	2.65	0.3%	6.18	5.32	-14.0%
Commercial Costs[2]	2.64	2.69	1.7%	2.62	2.6%	5.08	5.30	4.4%
Other Operating Costs[3]	2.67	2.50	-6.4%	2.58	-2.9%	5.48	5.08	-7.3%
Provisions and Impairment Losses	0.13	0.01	-93.6%	0.02	-43.7%	0.20	0.02	-88.2%
EBITDA	**-0.77**	**0.13**	**-**	**-0.44**	**-**	**-1.67**	**-0.30**	**81.8%**
EBITDA Margin (%)	-9.9%	1.7%	11.6pp	-6.0%	7.7pp	-11.0%	-2.0%	9.0pp
Operating CAPEX[4]	0.18	0.13	-31.2%	0.13	-4.3%	0.33	0.26	-22.1%
Operating CAPEX as % of Turnover	2.4%	1.6%	-0.8pp	1.8%	-0.2pp	2.2%	1.7%	-0.5pp
EBITDA - Operating CAPEX	-0.95	0.01	-	-0.57	-	-2.01	-0.56	71.8%
Total CAPEX	0.18	0.13	-31.2%	0.13	-4.3%	0.33	0.26	-22.1%

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

SAFE HARBOUR

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

These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in regulation, the telecommunications industry and economic conditions; and the effects of competition. Forward-looking statements may be identified by words such as "believes", "expects", "anticipates", "projects", "intends", "should", "seeks", "estimates", "future" or similar expressions.

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

Report available in Sonaecom's institutional website
www.sonae.com

Media and Investor Contacts

Isabel Borgas
Public Relations Manager
isabel.borgas@sonae.com
Tel: +351 93 100 20 20

Carlos Alberto Silva
Investor Relations Manager
carlos.alberto.silva@sonae.com
Tel: +351 93 100 24 44

Sonaecom SGPS is listed on the Euronext Stock Exchange. Information is available on Reuters under the symbol "SNC.LS" and on Bloomberg under the symbol "SNC:PL".

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