

RESULTS ANNOUNCEMENT 9M15



The consolidated financial information disclosed in this report is based on unaudited financial statements, prepared in accordance with the International Financial Reporting Standards (IAS/IFRS), issued by the International Accounting Standards Board (IASB), as adopted by the European Union.



1. Main Highlights

Turnover growth of 10.6% with international markets representing 52.7% of turnover in the Technology area.

Underlying EBITDA decline of 7.1% LfL but presenting a positive evolution versus last quarter.

Net income of 40.3 million euros, 17.3 million above 9M14.

2. Sonaecom Consolidated Results

Turnover

Consolidated turnover in 9M15 reached 99.7 million euros, increasing 10.6% when compared to 9M14, or 3.6% excluding S21Sec contribution¹. This growth was driven by a 10.9% increase in service revenues and an increase of 9.8% in sales. Excluding S21Sec contribution, Service Revenues increased by 1.6%.

Operating costs

Operating costs amounted to 97.5 million euros, 11.3% above 9M14, with all lines increasing. Personnel costs grew 14.7% driven by the increase in the average number of employees since the consolidation of S21Sec. Commercial costs grew 10.0% to 29.0 million euros, driven by an increase in cost of goods sold of Technology area, aligned with sales evolution. The evolution in other operating costs is mainly explained by the outsourcing and G&A costs at S21Sec.

EBITDA

Total EBITDA stood at 19.8 million euros, 41.6% below 9M14, on the back of discontinued operations, that registered 12.9 million euros in 9M14. The equity results, which are mostly impacted by ZOPT contribution, which in turn depends on NOS net income evolution, increased by 0.4%. On what concerns the underlying EBITDA, it stood at 3.5 million euros, 27.7% down when compared to 9M14, and corresponding to a margin of 3.5%, which compares to 5.3% in 9M14. Excluding S21Sec contribution, underlying EBITDA decreased by 7.1%.

Net results

Sonaecom's EBIT decreased 51.0% to 14.3 million euros, explained by the lower level of EBITDA.

Net financial results reached 25.2 million euros in 9M15, positively impacted by the fair value adjustment of NOS direct stake at market price, amounting to 23.5 million euros, and the corresponding 1.5 million euros of dividend received. In 9M14, the fair value adjustment was negative by 8.2 million euros and the dividend received was 1.3 million euros.

Sonaecom's earnings before tax (EBT) increased to 39.5 million euros, driven the higher net financial results.

Net results group share stood at 40.3 million euros, which compares with 23.0 million euros in 9M14.

Operating CAPEX

Sonaecom's underlying operating CAPEX increased from 4.7 million euros to 6.1 million euros, reaching 6.1% of turnover, 0.9 p.p. above 9M14.

Capital structure

The cash position increased 3.6 million euros since September 2014 reaching 169.6 million euros.

¹ S21Sec was acquired on July 2014, being consolidated at Sonaecom since August 2014.



2.1 Technology

The Technology area has been pursuing an active portfolio strategy, aiming at strengthening its position as a technological reference at an international scale, in selected IT areas, through organic and non-organic growth.

This area currently comprises four companies in the IT/IS sector that generated circa 52.7% of its revenues outside the Portuguese market with 43% out of the total 867 employees based abroad.

WeDo Technologies is a worldwide market leader in enterprise business assurance software that works with some of the world's leading blue chip companies from the retail, energy and finance industries, as well as more than 190 telecommunications operators from more than 90 countries.

Coupled with its customers' recognition, WeDo was named, in 2014, by Strategist (Frost & Sullivan) as the worldwide leader in Financial Assurance area, which comprises: Revenue Assurance, Fraud Management and Margin Assurance, and was elected, in 2015, by Analysys Mason, a TMT (telecoms, media and technology) analyst firm, as the worldwide market leader in the Revenue Assurance and Fraud Management software space.

During the 3Q15, it should be highlighted that the company acquired 2 new telecom customers (in Chile and Peru), continuing to enlarge its customer base around the world. At the end of 9M15, 76.9% of its turnover was generated in the international market and more than 10% in non-telecom industries.

S21Sec is a leading multinational cybersecurity player, focused exclusively on providing security services and technologies. Since its foundation 15 years ago, the company has grown through constant investment in innovation and today works with a global customer base, leveraging its teams in Spain, Portugal, Mexico and the UK and a network of select partners that ensure local support and touch points in other key markets.

S21sec was among the first companies in the world to identify Dridex (a banking malware) and understand the sophisticated nature of its organisation, infrastructure and procedures. The insight and intelligence generated through the company's work into Dridex rapidly became a key element of the collaboration with Law Enforcement Agencies, such as Europol, NCA, Guardia Civil and the FBI, among others. Beyond the Law Enforcement community, S21sec was also highly proactive to ensure it was providing invaluable support to the financial community. By way of example, S21sec shared the intelligence generated through its investigations with banks, through various forums in European countries such as Portugal, Spain, France and the UK, where Dridex has been especially damaging. Furthermore and in continued support of its antifraud strategy, especially in the ATM space, S21sec has also continued to be a key voice in various Latin American forums, including the XVII Congreso Nacional de Seguridad in Punta Cana and the ATEFI event in Panama.

Saphety is a solutions provider for business processes' optimization that has a strong position in electronic invoicing and EDI (Electronic Data Interchange) market, as well as in data synchronization for GSI worldwide organizations.

This quarter has been marked by a significant improvement on revenues and profitability, coupled with a good commercial activity: acquisition of new customers and some important new contracts including *Associação Nacional de Farmácias* and ESPAP (*Entidade de Serviços Partilhados da Administração Pública*) or Surunai in Malaysia. Saphety's customer base has now over 8,200 customers and 120,000 users in about 20 countries. Importantly, international revenues increased in 9M15 when compared to 9M14 and represented more than 30.0% of total revenues.

Bizdirect is a technology company specialized in **IT solutions** commercialization, consulting and management of corporate software licensing contracts and Microsoft solutions' integration.

The improvement recorded in the IT market investments in hardware and software, coupled with a positive performance in the new solutions area, enabled the company to increase its turnover by 13.3% in 9M15. The Competence Center launched in Viseu to respond to the growing demand in the areas of CRM (Customer Relationship Management) and ECM (Enterprise Content Management), has increased the number of projects delivered and is growing its notoriety in the European market. International revenues represented more than 10.0% of total Turnover in the 9M15.

Financial indicators

Million euros

TECHNOLOGY AREA	3Q14	3Q15	Δ 15/14	2Q15	q.o.q.	9M14	9M15	Δ 15/14
Turnover	28.0	29.1	4.0%	31.2	-6.5%	78.4	88.6	13.0%
Service Revenues	19.3	20.0	3.8%	22.5	-10.9%	56.5	63.4	12.1%
Sales	8.7	9.1	4.4%	8.7	4.8%	21.9	25.2	15.3%
Other Revenues	1.3	0.3	-75.7%	0.2	46.1%	1.5	0.9	-40.5%
Operating Costs	26.0	27.1	4.2%	29.5	-8.3%	71.8	83.2	15.9%
Personnel Costs	9.3	9.9	5.6%	9.9	-0.5%	24.6	29.5	19.7%
Commercial Costs ⁽¹⁾	8.6	9.4	8.5%	8.8	6.4%	22.6	25.8	14.5%
Other Operating Costs ⁽²⁾	8.0	7.8	-2.1%	10.8	-27.6%	24.6	27.9	13.4%
EBITDA	8.9	2.3	-73.9%	1.8	29.6%	14.1	6.2	-56.2%
Underlying EBITDA ⁽³⁾	3.3	2.4	-27.8%	1.9	28.2%	8.2	6.3	-22.5%
Discontinued Operations ⁽⁴⁾	5.6	0.0	-100.0%	0.0	-	5.9	0.0	-100.0%
Underlying EBITDA Margin (%)	11.8%	8.2%	-3.6pp	6.0%	2.2pp	10.4%	7.1%	-3.3pp
Operating CAPEX ⁽⁵⁾	1.5	1.6	6.8%	2.0	-17.1%	4.1	5.2	26.3%
Operating CAPEX as % of Turnover	5.4%	5.6%	0.1pp	6.3%	-0.7pp	5.3%	5.9%	0.6pp
Underlying EBITDA - Operating CAPEX	1.8	0.8	-57.3%	-0.1	-	4.1	1.1	-72.3%
Total CAPEX	1.6	1.6	1.8%	2.0	-17.1%	4.2	5.2	24.1%

(1) Commercial Costs = COGS + Mktg & Sales; (2) Other Operating Costs = Outsourcing Services + G&A + Provisions + others;

(3) Includes the businesses fully consolidated at Technology area; (4) Includes Mainroad contribution until the sale and the capital gain;

(5) Operating CAPEX excludes Financial Investments;

Turnover

Turnover continued to benefit from the international expansion of companies, growing 13.0% y.o.y., to 88.6 million euros. Service Revenues increased 12.1% to 63.4 million euros while Sales increased by 15.3% to 25.2 million euros.

Excluding S21Sec contribution in 9M15, turnover increased by 5.0% and Service Revenues by 2.1%.

Operating costs

Operating costs increased 15.9%, reaching 83.2 million euros, impacted by higher commercial costs, higher staff costs and higher other operational costs. Staff costs increased 19.7% driven by the growth in the number of employees mainly driven by S21Sec. Commercial costs increased 14.5% when compared to 9M14, to 25.8 million euros, backed by a higher cost of goods sold, consistent with the higher level of sales. Other operating costs increased 13.4% explained by the enlarged portfolio.

EBITDA

Total EBITDA declined 56.2%, which is explained by discontinued operations' impact in the 9M14 but also by the decrease of underlying EBITDA.

In the 9M15, underlying EBITDA reached 6.3 million euros, falling 22.5% y.o.y., reaching a margin of 7.1%, while showing an improving trend in the 3Q15, 28.2% above 2Q15, with a 8.2% margin.

Excluding S21Sec, underlying EBITDA in the 9M15 decreased by 7.5% and reached a 9.2% margin.

Underlying EBITDA-operating CAPEX

Underlying EBITDA-operating CAPEX stood at 1.1 million euros, decreasing when compared to 9M14, explained by the lower level of EBITDA and the higher level of CAPEX.

2.2 Media

This year has been marked by the celebration of Público's 25th anniversary and by a positive performance in terms of circulation. According to APCT, Público was the daily generalist newspaper that presented higher growth in total circulation. It should also be noted that in 2015 Público has already received 14 awards of journalism, design, photography and infographic design, including a special mention in the category of best news site by the European Digital Media Awards, only behind *The Guardian*.

Turnover reached 11.3 million euros, decreasing when compared to 9M14 but with good performances at online advertising and content revenues. The 9M15 was also marked by the reinforcement of Público's international presence, mainly at Brazil through the co-organization of some events with Globo and contents partnerships with UOL and Livraria Cultura.

EBITDA, despite negative, increased 4.9% y.o.y to negative 1.9 million euros.

2.3 Telecommunications

NOS operating revenues were 1 067.9 million euros in 9M15, growing 3.7% y.o.y.

EBITDA reached 409.8 million euros, increasing 3.2% when compared to 9M14 and representing a 38.4% EBITDA margin.

Recurrent CAPEX amounted to 217.6 million euros in 9M15, an increase of 13.0% y.o.y. As a consequence of EBITDA and CAPEX evolution, EBITDA-Recurrent CAPEX decreased 5.9%.

Net Financial Debt to EBITDA (last 4 quarters) stood at 2.0x at the end of 9M15 and the average maturity of the company's net financial debt reached 3.8 years.

NOS published its 9M15 results on 4th November, 2015, which are available at www.nos.pt.

During 9M15, the NOS share price increased 40.8% from €5.236 to €7.371, whilst PSI20 increased its market capitalisation by 5.2%.

Operational Indicators

Operational Indicators ('000)	3Q14	3Q15	Δ 15/14	2Q15	q.o.q.	9M14	9M15	Δ 15/14
Total RGUs	7 445.2	8 257.3	10.9%	8 010.2	3.1%	7 445.2	8 257.3	10.9%
Convergent RGUs	1 487.7	2 665.0	79.1%	2 443.2	9.1%	1 487.7	2 665.0	79.1%
IRIS subscribers	633.2	825.1	30.3%	784.2	5.2%	633.2	825.1	30.3%
3,4 and 5P subscribers	8296	936.7	12.9%	904.9	3.5%	8296	936.7	12.9%

Financial indicators

Million euros								
NOS HIGHLIGHTS	3Q14	3Q15	Δ 15/14	2Q15	q.o.q.	9M14	9M15	Δ 15/14
Operating Revenues	347.8	367.9	5.8%	355.9	3.4%	1 030.1	1 067.9	3.7%
EBITDA	133.4	143.5	7.5%	138.5	3.6%	397.0	409.8	3.2%
EBITDA margin (%)	38.4%	39.0%	+0.6pp	38.9%	0.1 pp	38.5%	38.4%	-0.2pp
Net Income	18.8	26.2	39.8%	24.1	9.0%	62.4	73.5	17.8%
CAPEX	86.6	97.9	13.1%	102.4	-4.3%	231.9	294.6	27.1%
EBITDA-CAPEX	46.8	45.6	-2.7%	36.1	26.1%	165.1	115.2	-30.2%
RECURRENT CAPEX	68.0	77.1	13.3%	72.3	6.5%	192.6	217.6	13.0%
EBITDA-RECURRENT CAPEX	65.4	66.4	1.5%	66.2	0.4%	204.3	192.2	-5.9%

3. Appendix

Consolidated income statement

Million euros

CONSOLIDATED INCOME STATEMENT	3Q14	3Q15	Δ 15/14	2Q15	q.o.q.	9M14	9M15	Δ 15/14
Turnover	31.8	32.6	2.6%	35.1	-7.3%	90.1	99.7	10.6%
Service Revenues	20.6	21.2	2.6%	24.1	-12.2%	61.0	67.7	10.9%
Product Sales	11.1	11.4	2.5%	11.0	3.6%	29.2	32.0	9.8%
Other Revenues	1.6	0.5	-67.9%	0.3	61.2%	2.3	1.3	-43.6%
Operating Costs	30.9	31.6	2.4%	34.5	-8.4%	87.6	97.5	11.3%
Personnel Costs	11.8	12.5	5.5%	12.6	-0.7%	32.5	37.3	14.7%
Commercial Costs ⁽¹⁾	9.8	10.3	5.4%	9.9	4.1%	26.3	29.0	10.0%
Other Operating Costs ⁽²⁾	9.3	8.8	-4.8%	12.0	-26.7%	28.8	31.3	8.6%
EBITDA	22.4	7.1	-68.4%	6.5	8.0%	34.0	19.8	-41.6%
Underlying EBITDA ⁽³⁾	2.4	1.4	-40.8%	0.9	58.7%	4.8	3.5	-27.7%
Equity method ⁽⁴⁾	7.3	5.6	-22.9%	5.6	-0.1%	16.3	16.3	0.4%
Discontinued Operations ⁽⁵⁾	12.6	0.0	-100.0%	0.0	-	12.9	0.0	-100.0%
Underlying EBITDA Margin (%)	7.6%	4.4%	-3.2pp	2.6%	1.8pp	5.3%	3.5%	-1.8pp
Depreciation & Amortization	1.7	1.9	11.9%	1.7	10.8%	4.8	5.6	14.9%
EBIT	20.6	5.1	-75.1%	4.8	7.0%	29.1	14.3	-51.0%
Net Financial Results	0.3	1.8	-	6.0	-70.3%	-5.9	25.2	-
Financial Income	0.7	2.9	-	6.8	-57.6%	4.0	27.6	-
Financial Expenses	0.4	1.1	-	0.8	37.8%	9.9	2.4	-76.1%
EBT	21.0	6.9	-67.0%	10.8	-35.8%	23.2	39.5	70.3%
Tax results	-0.7	-0.4	48.1%	1.0	-	-0.4	-0.5	-36.9%
Net Results	20.3	6.5	-67.7%	11.7	-44.3%	22.8	39.0	70.8%
Group Share	20.5	6.8	-66.6%	12.2	-43.8%	23.0	40.3	74.9%
Attributable to Non-Controlling Interests	-0.2	-0.3	-39.5%	-0.4	30.2%	-0.2	-1.3	-

(1) Commercial Costs = COGS + Mktg & Sales Costs (2) Other Operating Costs = Outsourcing Services + G&A + Provisions + others;

(3) Includes the businesses fully consolidated by Sonaecom;

(4) Includes the 50% holding in Unipress, the 45% holding in SIRS, the 50% holding in S21Sec cibersseguridad, the 50% holding in Big Data and the 50% holding in ZOPT;

(5) Includes Mainroad contribution until the sale and the capital gain

Consolidated balance sheet

Million euros

CONSOLIDATED BALANCE SHEET	3Q14 (R)	3Q15	Δ 15/14	2Q15	q.o.q.	9M14 (R)	9M15	Δ 15/14
Total Net Assets	1 075.2	1 114.3	3.6%	1 124.9	-0.9%	1 075.2	1 114.3	3.6%
Non Current Assets	773.1	792.5	2.5%	797.0	-0.6%	773.1	792.5	2.5%
Tangible and Intangible Assets	28.7	29.1	1.5%	29.3	-0.5%	28.7	29.1	1.5%
Goodwill	29.5	29.3	-0.6%	29.0	1.2%	29.5	29.3	-0.6%
Investments	707.6	725.6	2.5%	730.9	-0.7%	707.6	725.6	2.5%
Deferred Tax Assets	7.1	8.2	15.4%	7.6	7.3%	7.1	8.2	15.4%
Others	0.3	0.3	1.4%	0.3	-8.5%	0.3	0.3	1.4%
Current Assets	302.1	321.8	6.5%	327.8	-1.8%	302.1	321.8	6.5%
Trade Debtors	39.4	34.4	-12.7%	43.1	-20.1%	39.4	34.4	-12.7%
Liquidity	182.9	181.9	-0.5%	176.7	2.9%	182.9	181.9	-0.5%
Others	79.8	105.5	32.2%	108.0	-2.4%	79.8	105.5	32.2%
Shareholders' Funds	998.9	1 046.7	4.8%	1 043.0	0.4%	998.9	1 046.7	4.8%
Group Share	999.0	1 048.2	4.9%	1 044.3	0.4%	999.0	1 048.2	4.9%
Non-Controlling Interests	-0.1	-1.5	-	-1.3	-18.2%	-0.1	-1.5	-
Total Liabilities	76.4	67.6	-11.5%	81.8	-17.4%	76.4	67.6	-11.5%
Non Current Liabilities	18.4	14.5	-21.2%	14.7	-1.5%	18.4	14.5	-21.2%
Bank Loans	8.5	9.1	6.7%	9.0	1.2%	8.5	9.1	6.7%
Provisions for Other Liabilities and Charges	3.0	3.4	14.1%	3.8	-9.6%	3.0	3.4	14.1%
Others	6.9	2.0	-71.0%	2.0	1.7%	6.9	2.0	-71.0%
Current Liabilities	58.0	53.1	-8.4%	67.2	-20.9%	58.0	53.1	-8.4%
Loans	2.0	2.1	5.1%	1.5	35.7%	2.0	2.1	5.1%
Trade Creditors	21.5	17.3	-19.3%	26.7	-35.0%	21.5	17.3	-19.3%
Others	34.5	33.7	-2.4%	39.0	-13.5%	34.5	33.7	-2.4%
Operating CAPEX ⁽¹⁾	1.9	1.8	-0.5%	2.5	-25.1%	4.7	6.1	29.9%
Operating CAPEX as % of Turnover	5.8%	5.7%	-0.2pp	7.0%	-1.4pp	5.2%	6.1%	0.9pp
Total CAPEX	1.9	1.8	-4.4%	2.5	-25.1%	10.3	6.1	-40.7%
Underlying EBITDA - Operating CAPEX	0.6	-0.4	-	-1.6	73.8%	0.1	-2.6	-
Gross Debt	16.9	12.3	-26.9%	11.8	5.1%	16.9	12.3	-26.9%
Net Debt	-166.0	-169.6	-2.2%	-165.0	-2.8%	-166.0	-169.6	-2.2%

(1) Operating CAPEX excludes Financial Investments.

(R) Under the Special Regime of Debt Adjustments to the Fiscal Authorities and Social Security (Decree Law No. 248-A/2002 and Decree Law No. 151-A/2013), Sonae and Sonae.com voluntarily made payments to the State relating to additional tax assessments of previous years, for which, at the time of such payments, both companies had already brought the corresponding judicial appeals, lying processes running under the relevant courts. These payments were recognized in assets, according to 'IAS 12 - Income Taxes'.

However, during the verification process of the 2012 accounts, CMVM disagreed with the interpretation of Sonae and requested the retrospective correction of the financial statements, arguing that the payments made in respect of other taxes than income tax should be considered as contingent assets. While not agreeing with the position of CMVM, Sonae and Sonae.com made the restatement of financial statements. The impact of this change is nil in the income statement and immaterial in the statement of financial position.

Consolidated levered FCF

Million euros

LEVERED FREE CASH FLOW	3Q14	3Q15	Δ 15/14	2Q15	q.o.q.	9M14	9M15	Δ 15/14
Underlying EBITDA-Operating CAPEX	0.6	-0.4	-	-1.6	73.8%	0.1	-2.6	-
Change in WC	-3.4	-1.4	59.6%	-0.3	-	-4.4	-2.6	40.6%
Non Cash Items & Other	0.2	-0.1	-	4.3	-	2.8	2.7	-2.2%
Operating Cash Flow	-2.7	-1.9	29.7%	2.5	-	-1.5	-2.5	-64.8%
Investments	14.0	0.0	-100.0%	0.0	-	7.7	0.0	-100.0%
Dividends	7.3	8.5	17.2%	8.9	-4.0%	8.6	17.4	100.8%
Financial results	1.0	-0.9	-	-0.4	-148.4%	-0.3	0.9	-
Income taxes	-0.7	-1.1	-61.0%	-0.1	-	-1.1	-1.9	-74.8%
FCF⁽¹⁾	18.9	4.6	-75.4%	10.9	-57.3%	13.5	13.8	2.5%

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

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.

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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.

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