Results Presentation
Full Year 2007

27 February 2008

Strategy execution on track

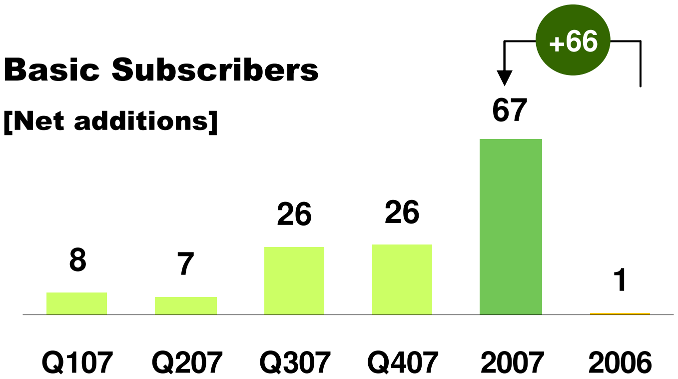
Strategic Guidelines	Key Initiatives	Objectives 2010
Leadership in Triple Play	1 **Aggressively sell bundles** with the best TV, broadband and voice products in the market 2 **Lead** in **broadband speed** and provide new services supported by an **upgraded network** 3 Provide **differentiated** and **competitive content**	**1 billion euros in Turnover** **Double digit EBITDA growth** **More than 50% customers with bundles**
Deliver excellence in customer service and operational efficiency	4 Guarantee **excellence** in **customer service** (real and perceived) 5 **Optimize the cost base** (operational excellence) 6 Promote the **personal development** and **involvement** of our people	**Best access network in Portugal** **Highest level of customer service**
Capture new growth opportunities	7 Introduce a **mobile communications offer** through an **MVNO** agreement 8 Develop a specific offer for **SoHos** 9 Evaluate **non-organic growth** opportunities	**A great company to work for**

Optimize the **capital structure** and establish an attractive **shareholder remuneration** program

Very strong RGU net additions

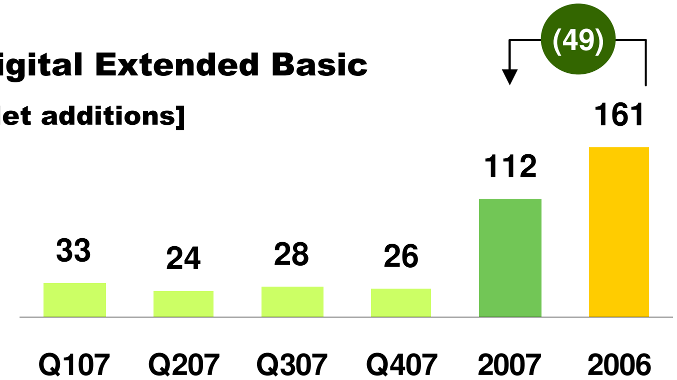
Basic Subscribers

[Net additions]



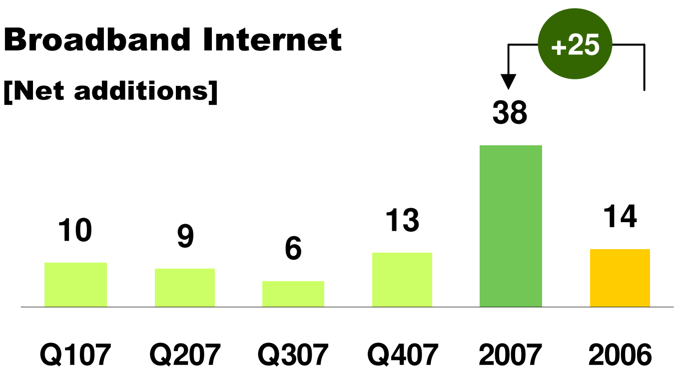
Digital Extended Basic

[Net additions]



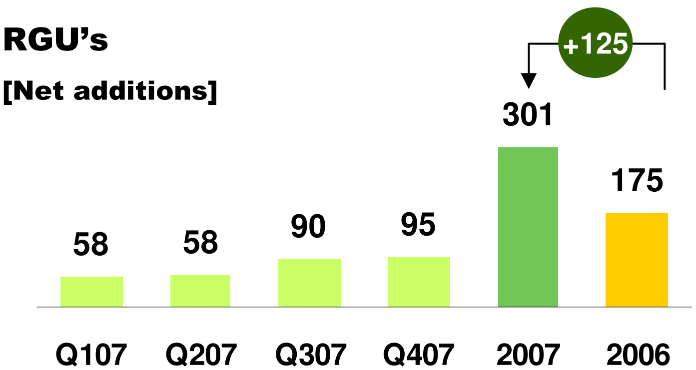
Broadband Internet

[Net additions]



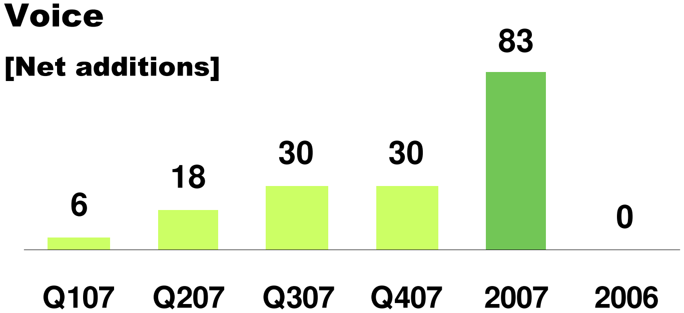
RGU's

[Net additions]



Voice

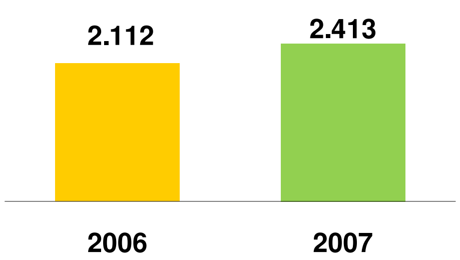
[Net additions]



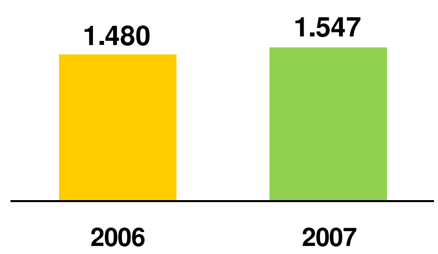
- **RGU's net additions in 4Q07** (95k) **were the highest compared to any quarter in the last 3 years**;
- In terms of FY07, **RGU's net additions grew by 71.3%** versus 2006;
- **TV and Broadband net additions more than doubled in 2007,** also helped by the introduction of 3P bundles.

Operational Highlights

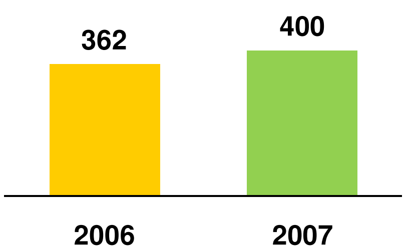
RGUs +14.2%



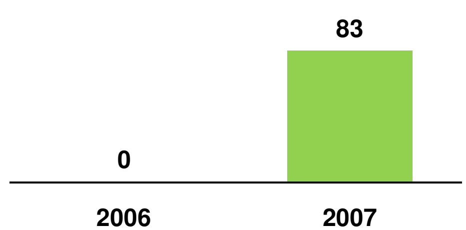
Basic Subscribers +4.5%



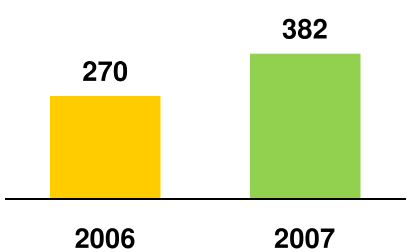
Broadband Internet +10.6%



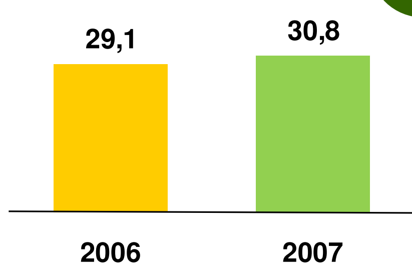
Voice



Digital TV +41.3%



Blended ARPU +5.6%



- Continued **strong growth in RGUs** throughout 2007, reaching more than 2.4 million services at the end of the year, 14.2% up on the previous year;
- **Strong y.o.y. growth in pay-tv**: 4.5% increase to 1.547 subscribers at the end of 2007;
- **38k new Broadband subscribers** in 2007, up 10.6% y.o.y to 400 thousand subscribers;
- Increase in net average monthly voice additions, ending 2007 with **83 thousand voice customers;**
- **Growth in ARPU of 5.6%** to 30.8 euros in 2007 compared with 29.1 euros in 2006.

Financial Highlights

	4Q07	Δ Q.o.Q.	2007	Δ Y.o.Y.
> Operating revenues	188.1	+6.1%	715.7	+7.4%
> EBITDA	49.2	(6.5%)	220.2	+4.3%
> EBITDA excl. non recurring items [1]	54.3	+7.4%	224.6	+7.5%
> Net income	(3.0)	(128.1%)	48.9	(31.2%)
> Net income excl. non recurring items [2]	17.8	(2.9%)	72.4	+0.8%
> EBITDA - CAPEX	(36.6)	(330.9%)	70.2	(10.3%)
> EBITDA - CAPEX excl. non recurring items	19.1	+4.6%	125.2	+25.5%
> Net financial debt [3]	23.5	(40.2%)	23.5	(40.2%)

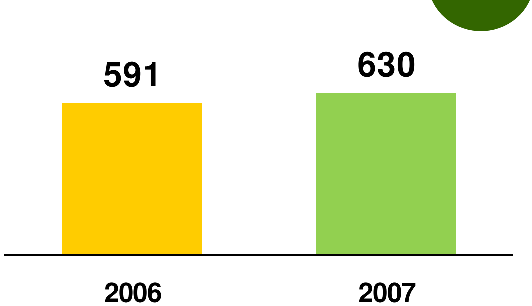
[1] The non recurring items affecting EBITDA were: the adjustment to provisioning criteria introducing more conservative assumptions for bad debt recovery and stocks, which had a negative impact in 4Q07 and a positive impact in 4Q06; the interconnection costs related with fraudulent promotional services which were detected at the beginning of 4Q07 and the accounting of personnel costs recorded in 4Q07 that relate to FY07;

[2] The non recurring items affecting Net income in 2007 were: an impairment of audiovisuals and cinema assets, a write-off of obsolete pay-tv and broadband equipment, a write-off of obsolete cinema equipment and a number of spin-off related costs, the main components of which were advisory fees in preparation for the spin-off, work-force reduction costs, corporate rebranding costs and costs related with the separation of previously combined call-centers. In 2006, were adjusted the one-offs related with: the gain with a partial reversion of a provision for contingencies on the disposal of Lusomundo Media; the adjustment in the value of deferred taxes in connection with a reduction in the nominal tax rate in the beginning of 2007 and the initial recognition of deferred tax assets at Sport TV;

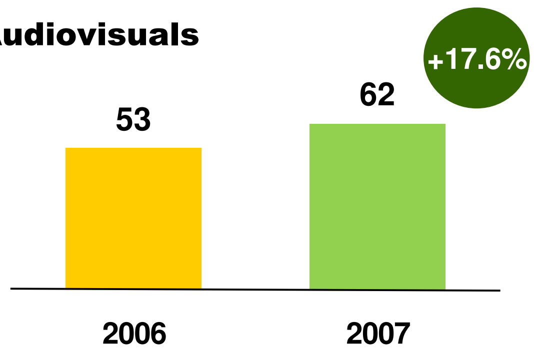
[3] Net Debt excluding long-term Telecom Contracts and Transponders;

Higher Revenues driven by RGUs and ARPU growth

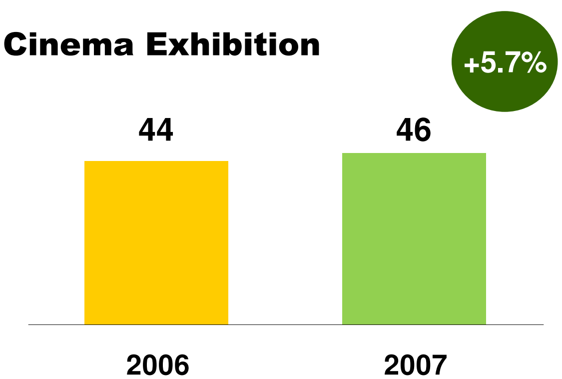
Pay TV, Broadband and Voice



Audiovisuals

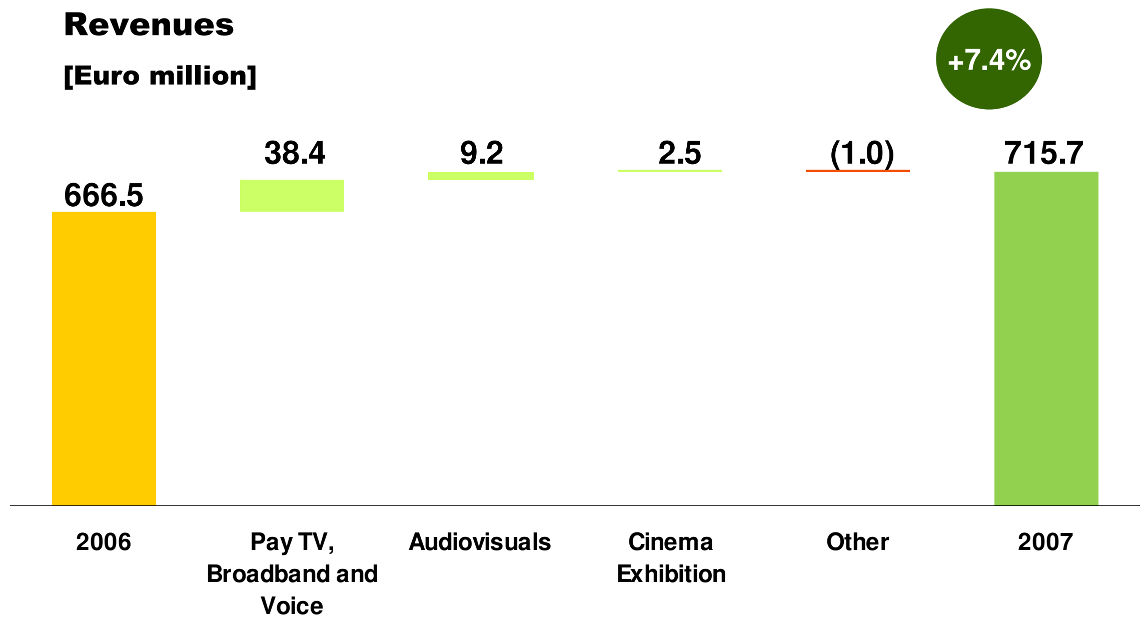


Cinema Exhibition



Revenues

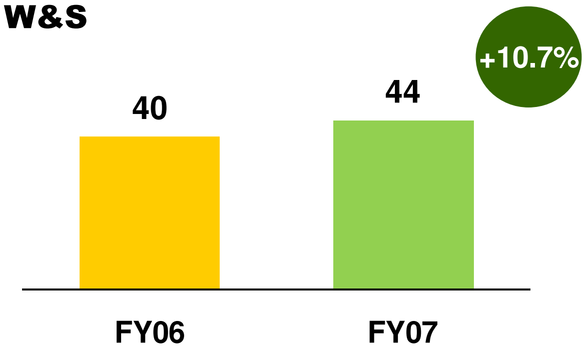
[Euro million]



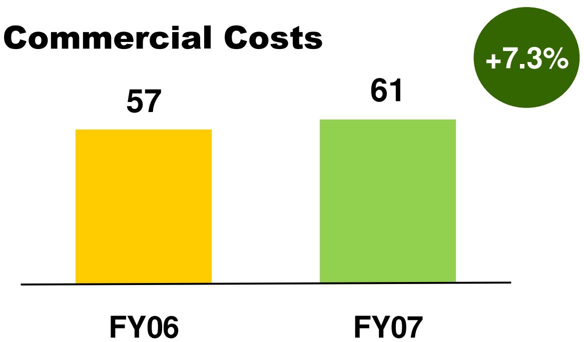
- Continued growth in the customer base combined with higher ARPU had a **positive impact of Euro 38 million on Pay TV, Broadband and Voice revenues;**
- **Audiovisual business revenues increased by 17.6%** due to the recovery in Video / DVD sales and the increase in revenues from movie exhibition rights;
- **Cinema Exhibition Division: growth supported by a 2.1% increase in tickets sold.**

Costs grew mainly driven by revenues

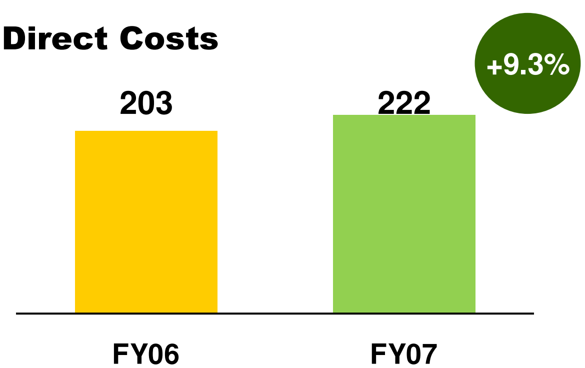
W&S



Commercial Costs

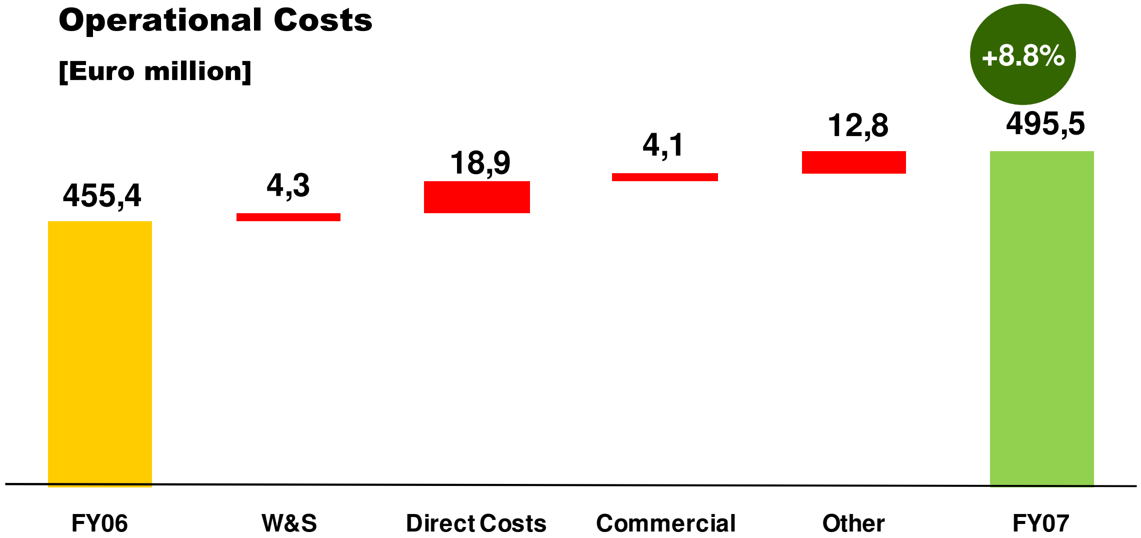


Direct Costs



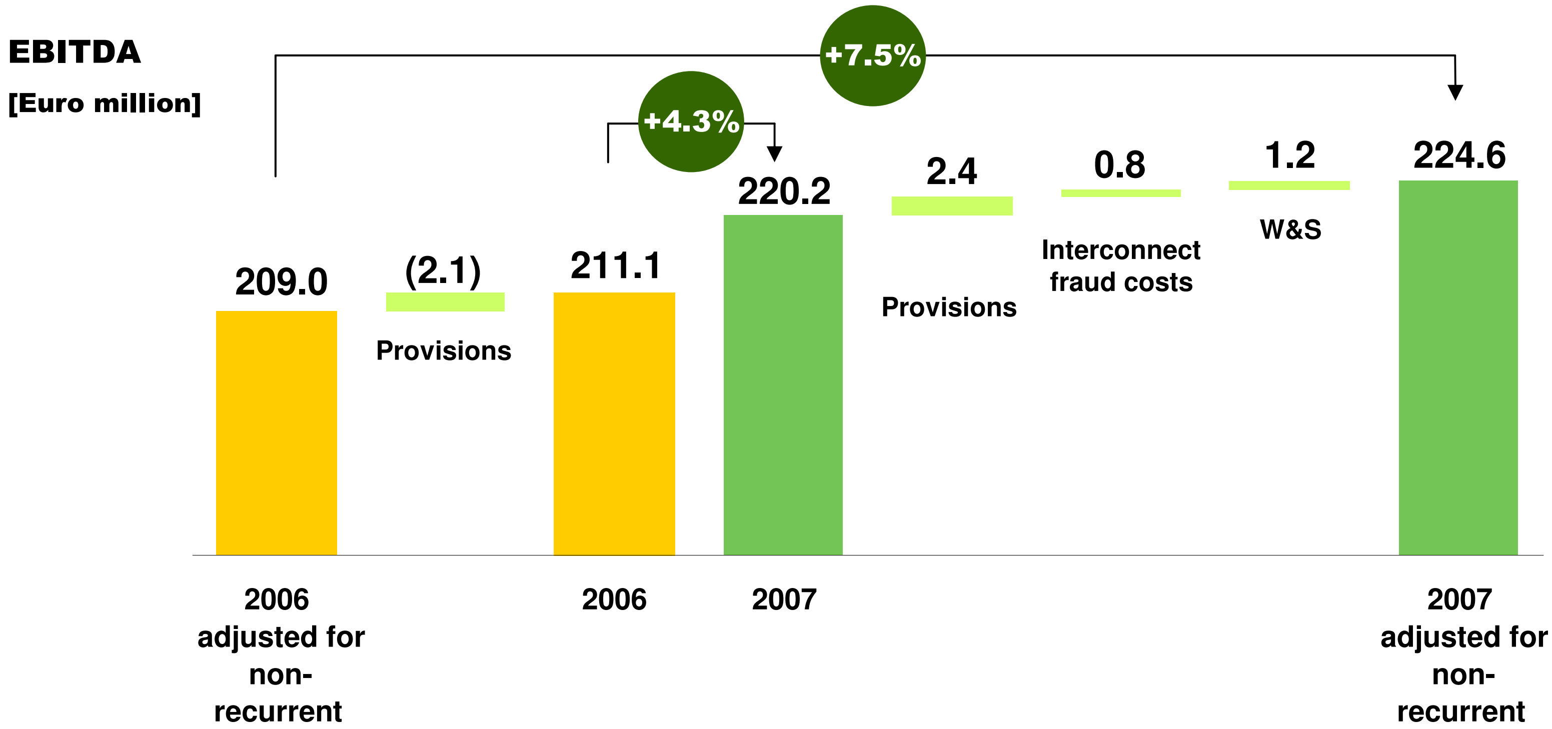
Operational Costs

[Euro million]



- **W&S increase due to the insourcing of functions previously registered in outsourcing, changes in the corporate cost-centre resulting from the spin-off, and the change in management and governing bodies;**
- **Higher direct costs** due to the increase in customer base, larger content offer and interconnection costs, and **in line with revenue growth;**
- **Greater customer acquisition efforts led to a growth in marketing costs, but lower than RGU growth;**
- **Other costs would grow by 5.4% (bellow revenue growth)** if non recurring provision costs were to be adjusted.

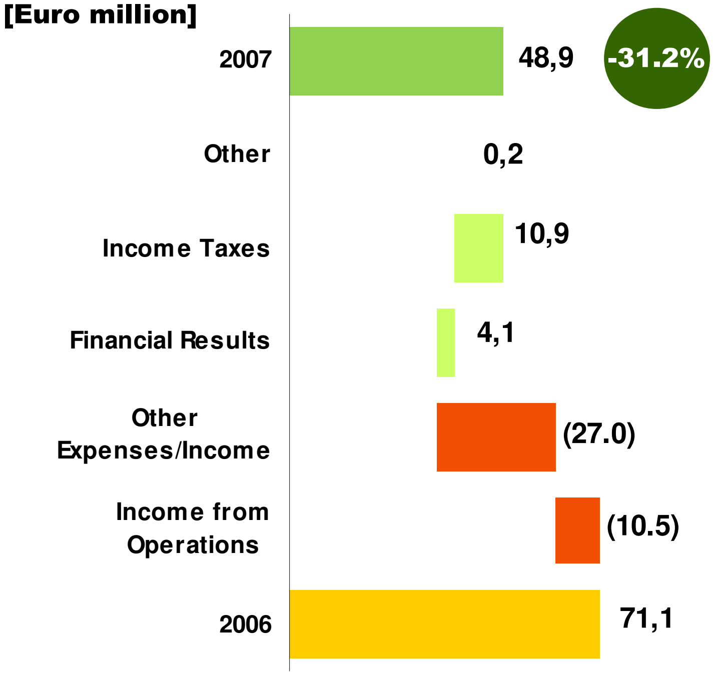
Solid EBITDA growth



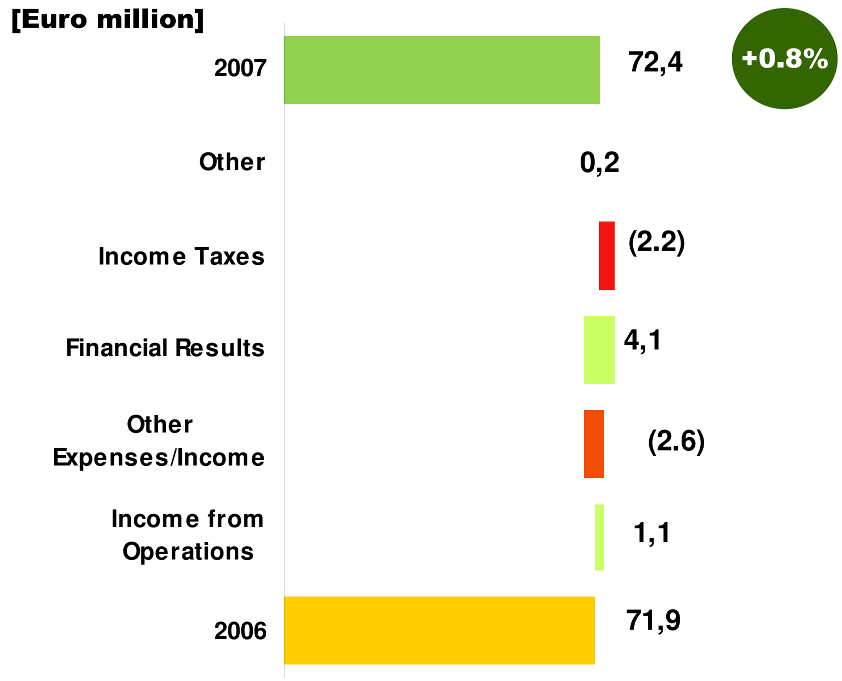
Excluding non-recurring items - the adjustment to provisioning criteria, the interconnection costs related with fraudulent promotional services and the accounting of personnel costs recorded in 4Q07 that relate to FY07 **- y.o.y EBITDA growth would be of 7.5%**

Growth in Net Income, if adjusted for non-recurring items

Net Income



Net Income excl. non-recurring items



- **Net Income reached Euro 48.9 million, representing a 31.2% decrease y.o.y. (if excluded of non recurring items, net income would have grown 0.8%);**
- **This decrease was mainly due to:**
  - **Impact of non recurring items in EBITDA** (as explained before);
  - **Impairment of Audiovisuals and Cinema assets** (5,1 million euros);
  - **Spin-off related costs**, the main components of which were advisory fees in preparation for the spin-off, corporate rebranding costs and costs related with the separation of previously combined call-centres (15.4 million euros);
  - **Additional write-off of obsolete pay-tv, broadband, and cinema equipment** (3,7 million euros) and **work force reduction costs** (3 million euros), both of which were recorded at 9M07.

Baseline CAPEX with slight decline

[Euro million]

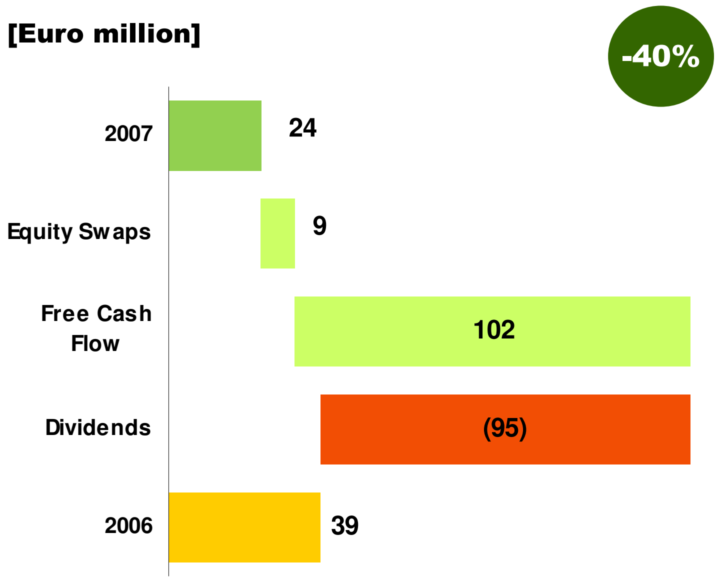
CAPEX	2006	2007	∆ yoy
Baseline CAPEX	**109.3**	**99.4**	**(9.1%)**
Pay-TV, Broadband and Voice Infrastructure	46.0	68.3	48.4%
Terminal Equipment	22.5	14.3	(36.5%)
Other	40.7	16.7	(58.9%)
Non Recurring CAPEX	**23.5**	**50.6**	**115.3%**
Transponders	19.0	15.1	(20.4%)
Acquisitionf of TV Cabo Network Equipment	0.0	21.7	-
Amendments to previous Telecom Contract	4.5	13.8	205.8%
Total	**132.8**	**150.0**	**13.0%**

- **CAPEX y.o.y. grows 13%, as a result of non recurring investments**, namely the acquisition of the 8th Transponder, the amendments to previous long-term telecom contracts and the acquisition of dedicated TV Cabo network equipments from Portugal Telecom. It represents a CAPEX to revenues ratio of 21% in 2007 up from 19,9% in 2006;
- **Baseline CAPEX (Euro 99.4 million) broadly in line with 2006**, despite the continued investments made in the expansion and upgrade of its network to increase the penetration of homes passed cable areas and provide greater bandwidth. It represents a CAPEX to revenues ratio of 13,8% in 2007 down from 16,4% in 2006;

Financial Flexibility

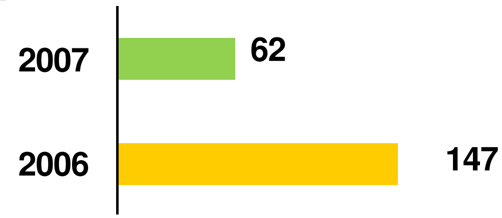
Net Debt Structure [1]

[Euro million]



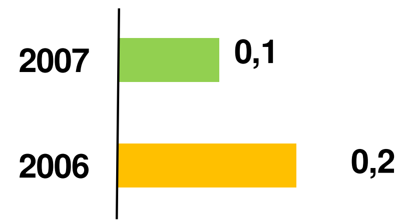
EBITDA / Interest Costs [2]

[X]



Financial Net Debt[1] / EBITDA

[X]



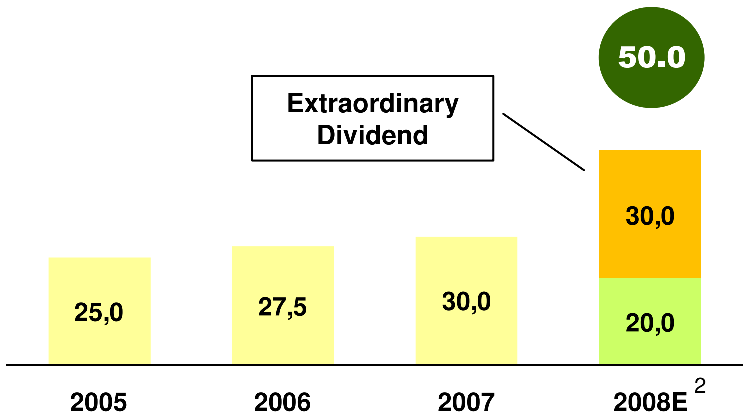
- **Free cash flow growth mainly due to the 59.4 million euros reduction in working capital, contrasting with the 2006 investment of 24.6 million euro;**
- **EBITDA Coverage ratio was 62 times, giving the company ample financial flexibility.**
- **Financial Net Debt[1] to EBITDA ratio even lower than in 2006, well below the average ratio for similar companies.**

[1] Net Debt excluding long-term Telecom Contracts and Transponders

[2] Interest costs excluding long-term Telecom Contracts and Transponders interest costs

Shareholders Remuneration

Dividend per Share[1]
[Euro cents]



- **Dividend per share of 20 €cents plus an extraordinary dividend of 30 €cents per share payable in 2008.**
- **Implementation of a progressive dividend distribution policy for the following years by means of the generation of cash flow and the needs of funds for non-organic growth opportunities.**
- **Share buy-back up to 10% of share capital, to be implemented in 2008 and 2009.**

[1] DPS considering current number of shares
[2] Proposal to be made in next AGM (pending approval)

In brief

- **Very strong operational performance in 2007:**
  - **Strong growth in customer base and RGUs**
    - 4Q07 is best ever quarter in terms of RGU growth in the last 3 years
  - **Consistent growth in blended ARPU**
- **Solid financial performance in 2007:**
  - **Growth in EBITDA of 7.5%,** if adjusted for non-recurring items
  - **Growth in Net Income of 0.8%,** if adjusted for non-recurring items
- **Substantial financial flexibility**

Financial Highlights

Euro million	4Q06	4Q07	∆ 07/06	2006	2007	∆ 07/06
Operating Revenues	**177.3**	**188.1**	**6.1%**	**666.5**	**715.7**	**7.4%**
Pay TV, Broadband and Voice	153.8	163.2	6.1%	591.1	629.5	6.5%
Audiovisuals	14.6	18.4	26.2%	52.6	61.8	17.6%
Cinema Exhibition	12.2	12.3	0.7%	43.7	46.2	5.7%
Other	(3.2)	(5.8)	81.1%	(20.9)	(21.9)	4.8%
EBITDA (1)	**52.7**	**49.2**	**(6.5%)**	**211.1**	**220.2**	**4.3%**
Income from Operations (2)	26.4	8.6	(67.4%)	108.6	98.1	(9.6%)
NET INCOME	**10.7**	**(3.0)**	**(128.1%)**	**71.1**	**48.9**	**(31.2%)**
CAPEX	**36.8**	**85.8**	**133.0%**	**132.8**	**150.0**	**13.0%**
EBITDA minus CAPEX	**15.8**	**(36.6)**	**(330.9%)**	**78.3**	**70.2**	**(10.3%)**
Net debt (3)	**39.3**	**23.5**	**(40.2%)**	**39.3**	**23.5**	**(40.2%)**
EBITDA margin (%)	**29.7%**	**26.2%**	**(3.5 p.p.)**	**31.7%**	**30.8%**	**(0.9 p.p.)**
CAPEX as % of Revenues	**20.8%**	**45.6%**	**24.8 p.p.**	**19.9%**	**21.0%**	**1.0 p.p.**
Net debt / EBITDA [x] (3)	**0.2**	**0.1**	**(6.7 p.p.)**	**0.2**	**0.1**	**(8.0 p.p.)**

(1) EBITDA = income from operations + depreciation and amortisation. (2) Income from operations = income before financials and income taxes + work force reduction programme costs + impairment of goodwill + losses (gains) on disposal of fixed assets + other costs/income. (3) Net Debt excluding long-term Telecom Contracts and Transponders

Operational Highlights

		4Q06	4Q07	Δ 07/06	2006	2007	Δ 07/06
Pay TV, Broadband and Telephony	Homes Passed ('000)	2,651	2,753	3.8%	2,651	2,753	3.8%
	RGUs ('000)	2,112	2,413	14.2%	2,112	2,413	14.2%
	Basic Subscribers	1,480	1,547	4.5%	1,480	1,547	4.5%
	Digital Extended Basic	270	382	41.3%	270	382	41.3%
	Broadband Internet	362	400	10.6%	362	400	10.6%
	Voice	-	83	-	-	83	-
	Net Adds RGUs ('000)	91	95	4.0%	175	301	71.3%
	Basic Subscribers	29	26	(10.6%)	1	67	n.m.
	Digital Extended Basic	48	26	(46.8%)	161	112	(30.5%)
	Broadband Internet	13	13	(1.6%)	14	38	n.m.
	Voice	-	30	n.m.	-	83	n.m.
	Blended ARPU (€)	29.5	31.0	5.0%	29.1	30.8	5.6%
	Pay-TV ARPU	24.4	25.2	3.6%	23.8	25.0	5.1%
	Broadband ARPU	21.8	21.3	(2.4%)	22.0	21.7	(1.3%)
Cinema Exhibition	**Revenues per spectator (€)**	3.9	4.0	2.5%	3.9	4.0	0.7%
	Tickets sold ('000)	2,177	2,093	(3.9%)	8,026	8,193	2.1%

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