



Earnings Announcement Presentation Third Quarter 2008

10 November 2008

Executing our Strategy

Strong Operational Performance



3Q08 was another very strong quarter for ZON, and we remain well on track to achieve our strategic objectives:

- RGUs increased 16.1% y.o.y. to 2.7 million services, with each customer on average subscribing to 1.75 services (compared with 1.52 in 3Q07);
- 18% of our cable customers today subscribe to Triple Play offers, representing over 193 thousand customers and 46% subscribe to more than one ZON service (510 thousand);
- Most importantly, 45% of gross adds are triple play customers;
- 3Q08 was the best quarter of the past 3 years for broadband net adds, + 20 thousand, compared with 6.3 thousand in 3Q07 and 14.9 thousand in 2Q08;
- Continued strong growth in voice services: 50.1 thousand net adds to 254 thousand with monthly net adds increasing to over 20 thousand in September, after the summer holiday period;
- Contained reduction in Pay TV customers of 18 thousand, almost exclusively in DTH areas.

Executing our Strategy

Financial strength



Supported by **solid financial performance**:

- Total Revenues grew by 8.1% y.o.y. to 570.4 million euros in 9M08 (+9.2% y.o.y. in 3Q08);
- EBITDA amounted to 186.2 million euros in 9M08, an increase of 8.9% y.o.y., representing a margin of 32.6% (+ 12.7% in 3Q08 to 64 million euros);
- Net Income was 50.9 million euros in 9M08, a reduction of 2.4% y.o.y. (9.7 million euros in 3Q08);
- Baseline CAPEX of 96.5 million euros in 9M08 representing 16.9% of Operating Revenues;
- Net Financial Debt increased to 361.1 million euros representing 1.5x Net Debt / EBITDA, an increase of 21.6 million euros from 1H08, led primarily by the ongoing execution of the share buy back programme and acquisition of the stake in Parfitel.

Key Operational Developments 3Q08



Pay TV:

- Higher penetration of Premium channels (835 k subscribers +4% y.o.y);
- Preference for higher-end content packages (Funtastic Life);
- Launch of exciting new channels, to complement the wide offer already available (up to 106 channels, 16 of which premium)
- 51 k new ZON Boxes activated since launch in May



CANAIS HD Disponíveis para Clientes com ZON BOX HD+ DVR



Key Operational Developments 3Q08



Broadband

Launch of a 2Mbps entry level product



€ 14,99,/MÊS
ZON Netcabo 2Mb
Inclui serviço telefónico

New Business

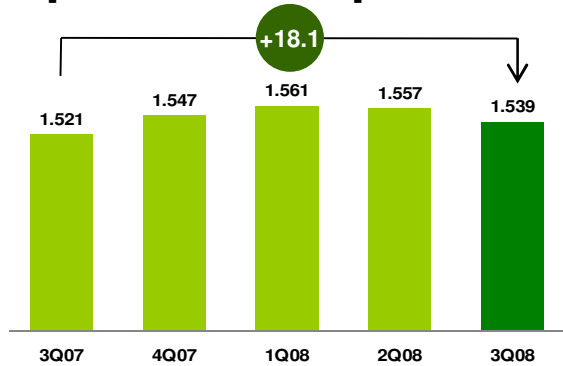
Launch of ZON Mobile, with increased benefits of up to 60% for ZON customers



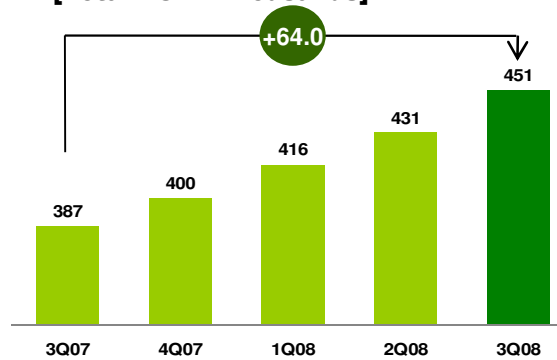
Strong operating performance in a more competitive environment



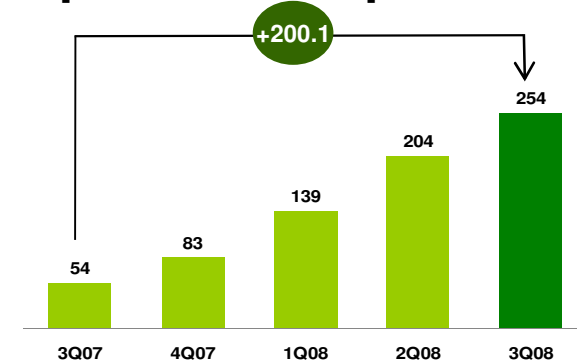
Basic Subscribers
[Total EOP - Thousands]



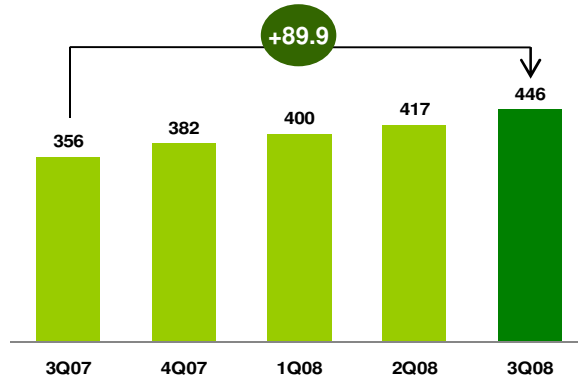
Broadband Internet
[Total EOP - Thousands]



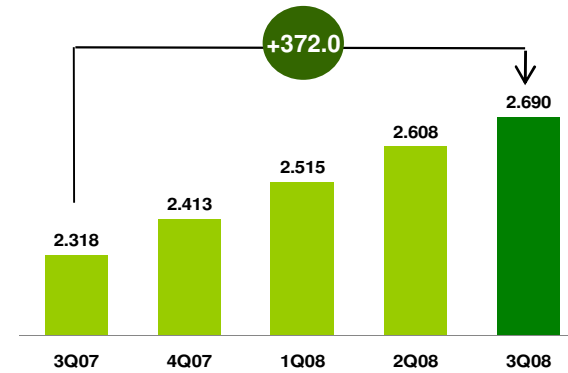
Voice
[Total EOP - Thousands]



Digital Extended Basic
[Total EOP - Thousands]

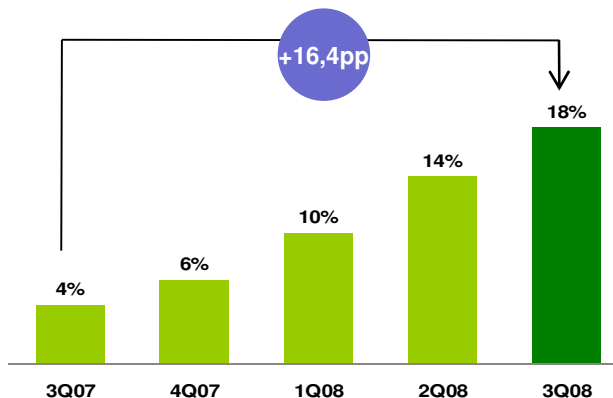


RGU
[Total EOP - Thousands]

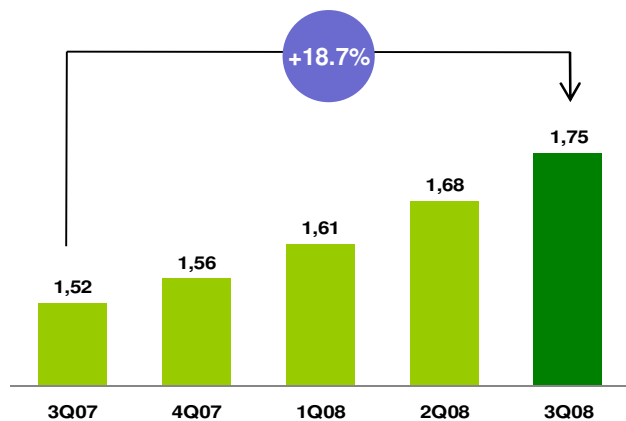


Driving Triple Play and ARPU

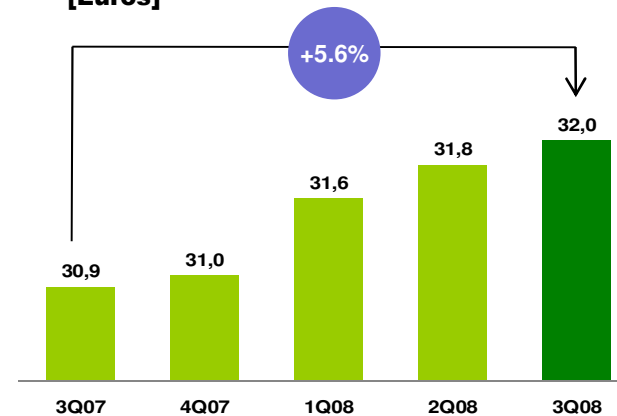
Cientes 3 Play
[% de Clientes Cabo]



RGUs por Subscritor



ARPU Global
[Euros]



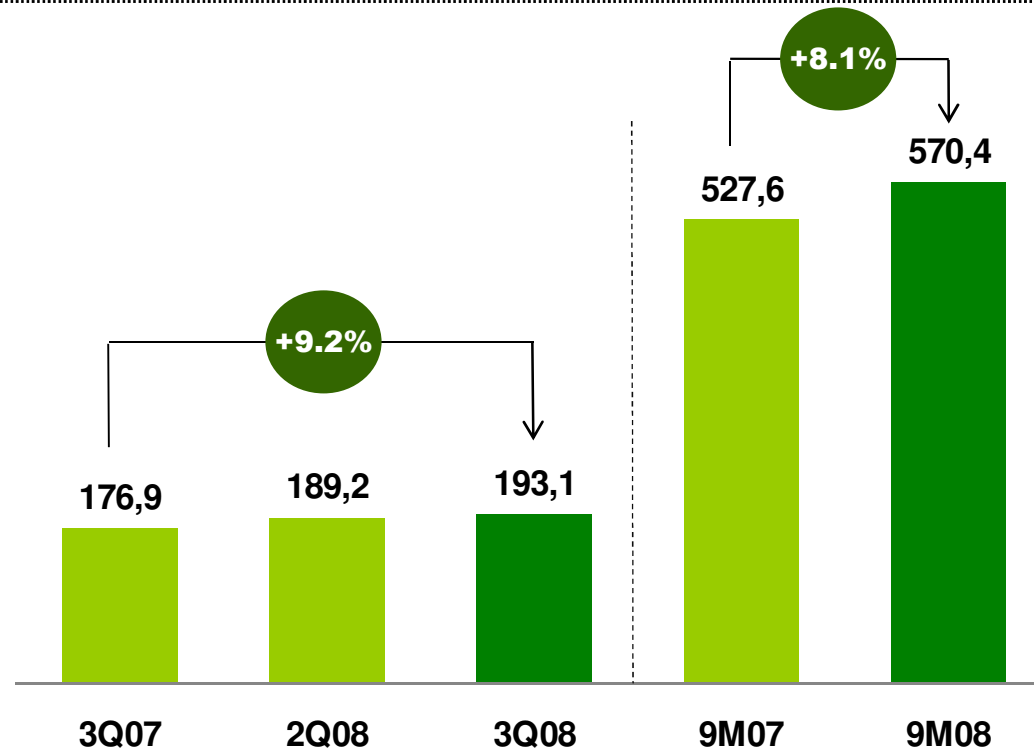
Key Financial Highlights

	3Q07	3Q08	Δ Y.o.Y.	9M07	9M08	Δ Y.o.Y.
> Operating revenues	176.9	193.1	9.2%	527.6	570.4	8.1%
> EBITDA	56.8	64.0	12.7%	171.0	186.2	8.9%
> EBITDA margin	32.1%	33.2%	1.0 pp	32.4%	32.6%	0.2 pp
> Net income	11.5	9.7	(15.1%)	52.1	50.9	(2.4%)
> Baseline CAPEX	23.4	41.7	78.1%	64.2	96.5	50.4%
> Net Financial Debt	75.1	361.1	n.a.	75.1	361.1	n.a.

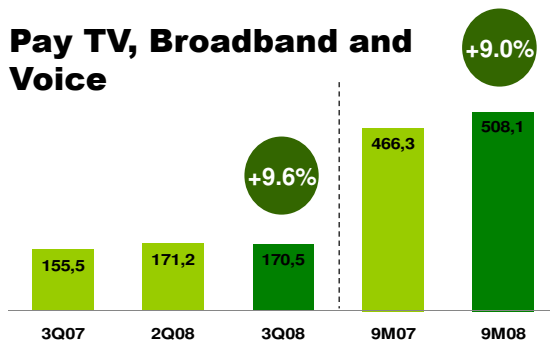
Revenues driven by RGUs and ARPU growth



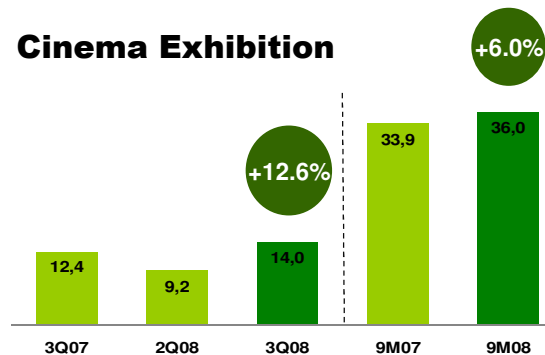
y.o.y. change



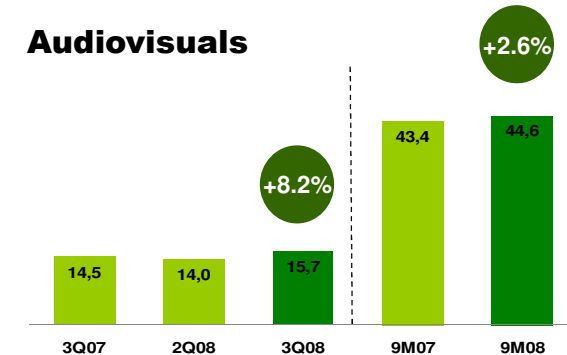
Pay TV, Broadband and Voice



Cinema Exhibition



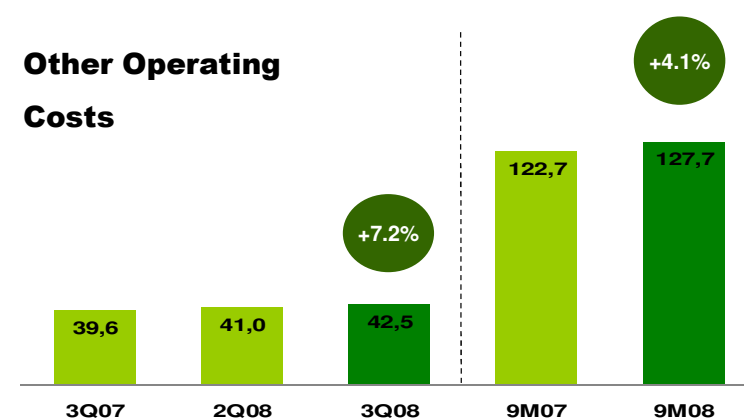
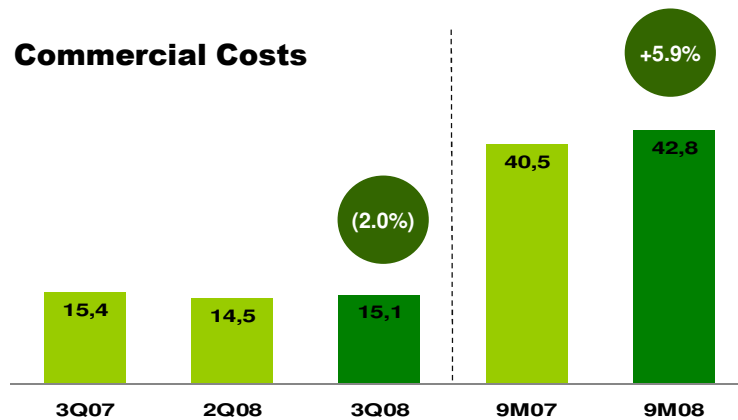
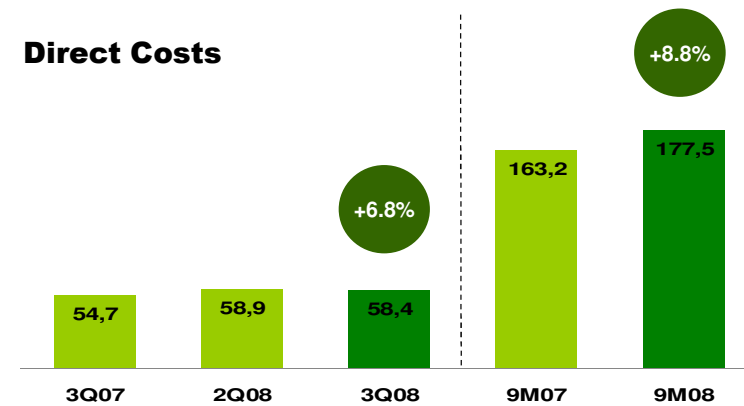
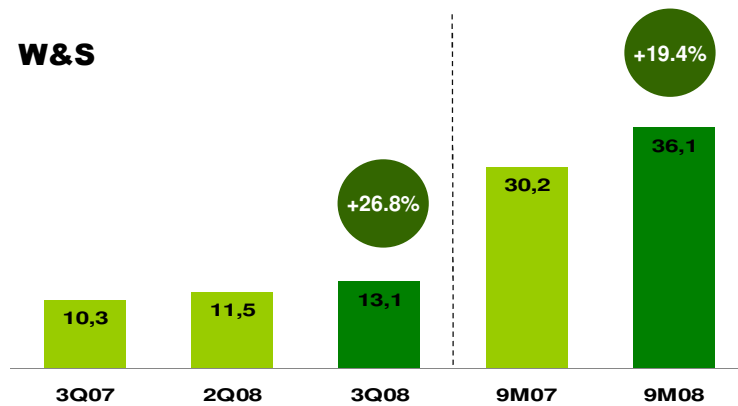
Audiovisuals



Costs' y.o.y. increase driven by strong commercial activity

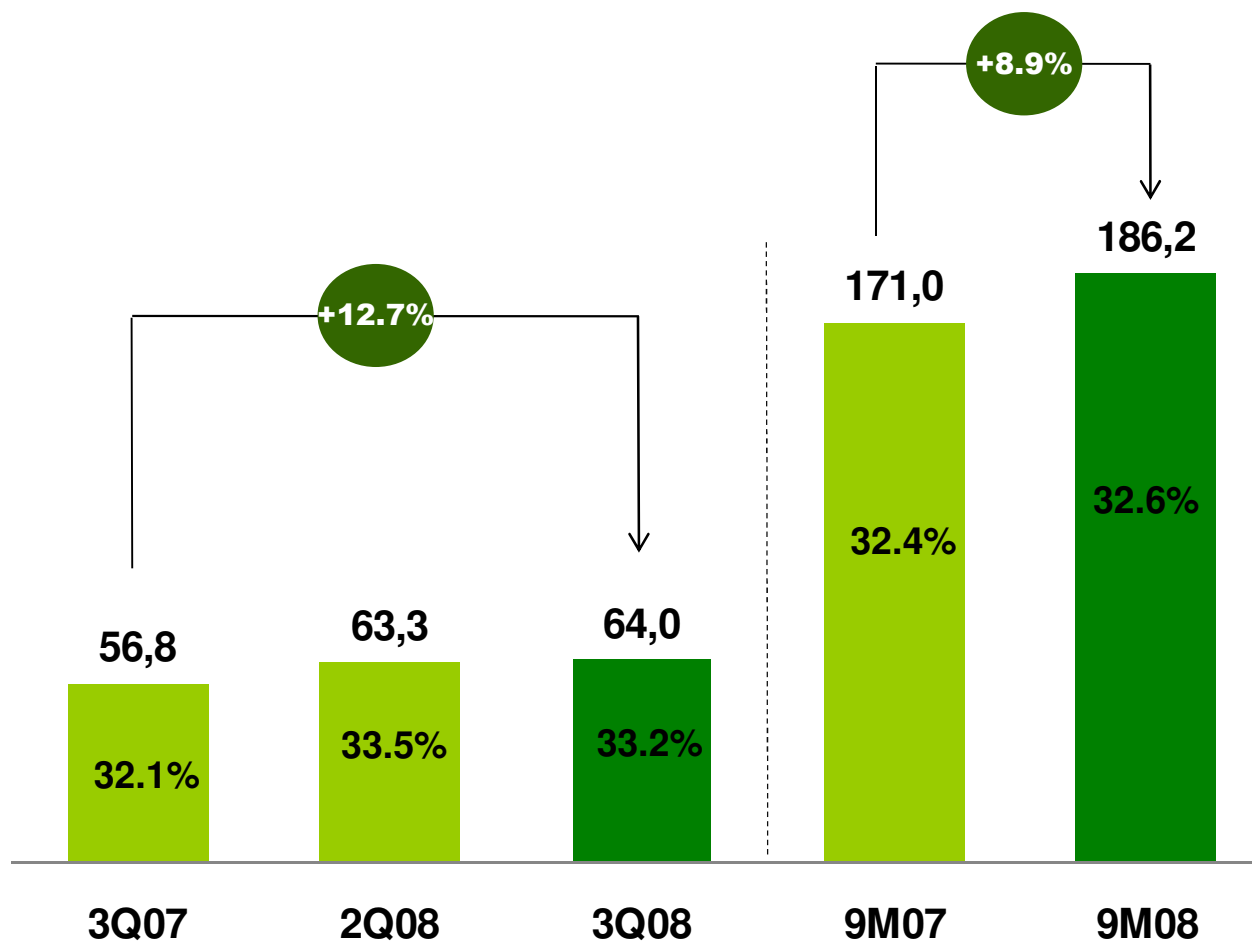


y.o.y. change



Solid EBITDA growth

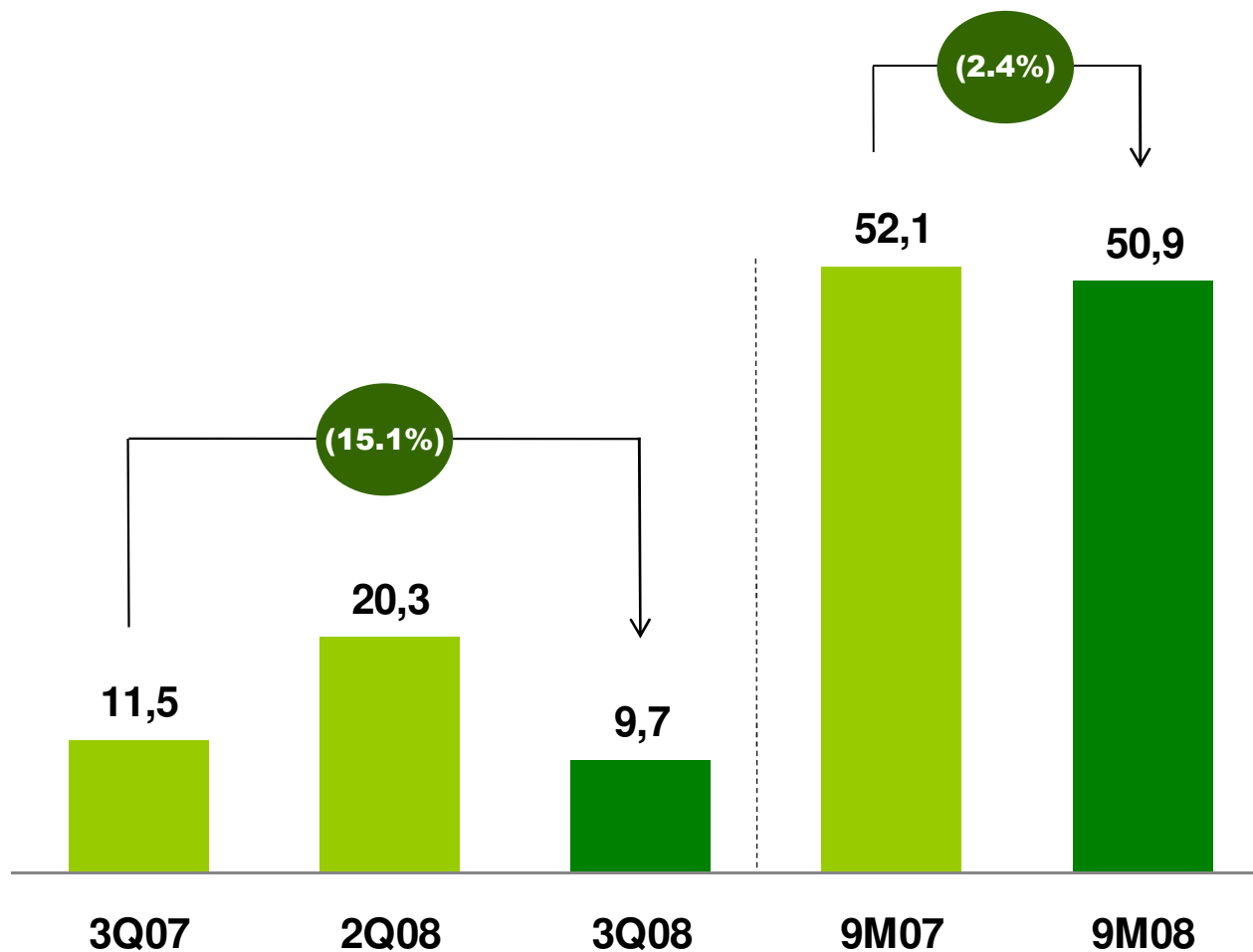
EBITDA / EBITDA Margin
 [Euro million / % of revenues]



Net Income

Net Income y.o.y. growth

[Euro million]



CAPEX rises y.o.y. driven by RGU growth

[Euro million]

CAPEX	3Q07	2Q08	3Q08	Δ y.o.y.	Δ q.o.q.	9M07	9M08	Δ y.o.y.
Pay TV, Broadband and Voice Infrastructure	14.6	15.4	21.1	44.0%	37.1%	44.8	49.9	11.2%
Terminal Equipment	4.8	12.3	15.5	219.5%	25.7%	10.5	35.1	233.4%
Other	3.9	3.1	5.2	30.9%	66.2%	8.8	11.6	31.4%
"Baseline" CAPEX	23.4	30.8	41.7	78.1%	35.4%	64.2	96.5	50.4%
Long Term Contracts	0.0	0.0	0.0	n.a.	n.a.	0.0	0.4	n.a.
Other Non-Recurrent Items	0.0	9.6	0.8	n.a.	(91.2%)	0.0	10.7	n.a.
Total CAPEX	23.4	40.4	42.5	81.7%	5.4%	64.2	107.7	67.7%

Free Cash Flow variation

Cash Flow (Millions of Euros)	3Q07	2Q08	3Q08	Δ y.o.y.	Δ q.o.q.
EBITDA minus CAPEX	33.4	22.9	21.5	(35.7%)	(6.3%)
Non-Cash Items Included in EBITDA minus CAPEX ⁽¹⁾	0.5	1.7	3.8	n.a.	126.0%
Change in Working Capital	(14.0)	(35.2)	5.9	(142.0%)	(116.7%)
Operating Cash-Flow	19.9	(10.6)	31.2	56.8%	n.a.
Net Interest Paid	(3.4)	(4.1)	(0.2)	(93.9%)	(94.9%)
Income Taxes Paid	(1.4)	(1.3)	(1.6)	13.4%	22.2%
Equity Swap Financial Settlements	0.0	0.0	0.0	n.a.	n.a.
Long Term Contracts	(14.3)	(55.0)	(4.5)	(68.6%)	(91.8%)
Acquisitions of Financial Investments	0.0	0.0	(15.7)	n.a.	n.a.
Acquisition of Own Shares	0.0	(44.1)	(31.9)	n.a.	(27.6%)
Dividends Paid	0.0	(153.2)	0.0	n.a.	(100.0%)
Other Cash Movements	(6.5)	6.7	1.0	(115.9%)	(84.5%)
Free Cash-Flow	(5.7)	(261.6)	(21.6)	279.3%	(91.7%)

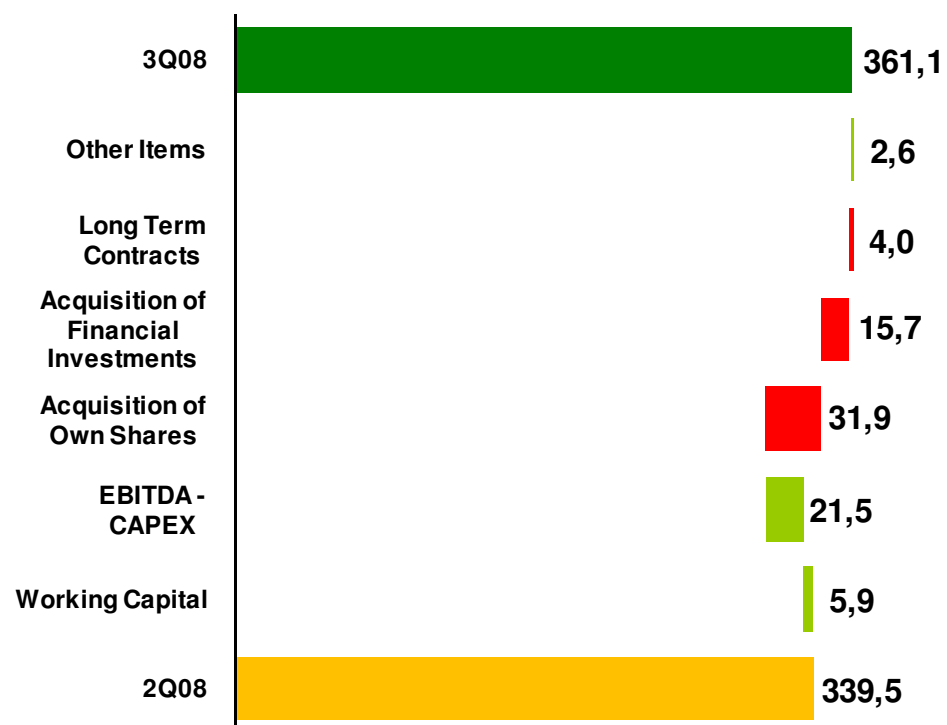
(1) This caption includes non-cash provisions included in EBITDA.

Net Financial Debt variation

Net Financial Debt Structure

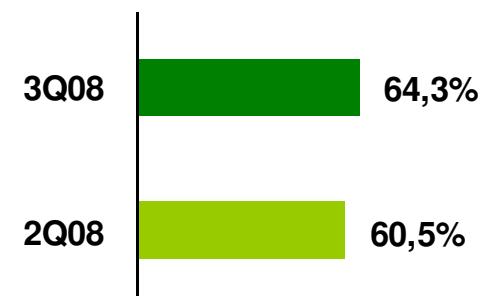
[Euro million]

+6.4%



Net Financial Gearing¹

[%]



Net Financial Debt / EBITDA

[X]



¹ Net Debt Financial Gearing = Net Financial Debt / (Net Financial Debt + Total Shareholders' Equity);

In brief

- **Executing strategy in an increasingly competitive market;**
- **Excellent operational performance in 3Q08**
- **Solid financial performance in 3Q08;**
- **With attractive growth opportunities going forward.**

Financial Highlights

Euro million	3Q07	2Q08	3Q08	Δ y.o.y.	Δ q.o.q.	9M07	9M08	Δ y.o.y.
Operating Revenues	176.9	189.2	193.1	9.2%	2.1%	527.6	570.4	8.1%
Pay TV, Broadband and Voice	155.5	171.2	170.5	9.6%	(0.4%)	466.3	508.1	9.0%
Audiovisuals	14.5	14.0	15.7	8.2%	12.0%	43.4	44.6	2.6%
Cinema Exhibition	12.4	9.2	14.0	12.6%	52.6%	33.9	36.0	6.0%
Other	(5.6)	(5.2)	(7.1)	26.4%	35.9%	(16.1)	(18.3)	13.7%
EBITDA⁽¹⁾	56.8	63.3	64.0	12.7%	1.2%	171.0	186.2	8.9%
Income from Operations ⁽²⁾	29.9	33.9	28.3	(5.5%)	(16.6%)	89.5	94.1	5.2%
NET INCOME	11.5	20.3	9.7	(15.1%)	(51.9%)	52.1	50.9	(2.4%)
CAPEX	23.4	42.5	0.8	(96.5%)	(98.1%)	64.2	107.7	67.7%
EBITDA minus CAPEX	33.4	20.7	63.2	89.2%	204.7%	106.8	78.6	(26.4%)
Net Financial Debt⁽³⁾	75.1	339.5	361.1	n.a.	6.4%	75.1	361.1	n.a.
EBITDA margin (%)	32.1%	33.5%	33.2%	1.0 pp	(0.3 pp)	32.4%	32.6%	0.2 pp
CAPEX as % of Revenues	13.2%	22.5%	0.4%	(12.8 pp)	(22.1 pp)	12.2%	18.9%	6.7 pp
Net Financial debt / EBITDA [x]⁽³⁾	0.3x	1.5x	1.5x	n.a.	n.a.	0.3x	1.5x	n.a.

(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 Contracts.

Operational Highlights

	3Q07	2Q08	3Q08	Δ y.o.y.	Δ q.o.q.	9M07	9M08	Δ y.o.y.	
Pay TV, Broadband and Voice	Homes Passed ('000)	2,726	2,795	2,821	3.5%	0.9%	2,726	2,821	3.5%
	RGUs ('000)	2,318	2,608	2,690	16.1%	3.1%	2,318	2,690	16.1%
	Basic Subscribers	1,521	1,557	1,539	1.2%	(1.1%)	1,521	1,539	1.2%
	Digital Extended Basic	356	417	446	25.2%	6.9%	356	446	25.2%
	Broadband Internet	387	431	451	16.5%	4.7%	387	451	16.5%
	Voice	54	204	254	n.a.	24.6%	54	254	n.a.
	Net Adds RGUs ('000)	90.1	93.7	81.4	(9.7%)	(13.2%)	206	277	34.5%
	Basic Subscribers	26	(4)	(18)	(169.7%)	n.a.	41	(8)	(119.7%)
	Digital Extended Basic	28	17	29	1.7%	69.4%	86	64	(25.7%)
	Broadband Internet	6	15	20	222.6%	35.3%	25	51	99.7%
Voice	30	65	50	69.2%	(23.2%)	54	170	216.6%	
Cinema Exhibition	Blended ARPU (€)	30.9	31.8	32.0	3.5%	0.7%	30.7	31.8	3.7%
	Revenues per ticket (€)	3.9	4.0	4.2	7.0%	4.9%	3.9	4.1	3.4%
	Tickets sold ('000)	2,284	1,509	2,346	2.7%	55.5%	6,100	6,054	(0.8%)

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