



Results Presentation

First Half 2009

6 August 2009

Important notice



This release contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements are not statements of historical fact, and reflect goals of the company's management. The words "anticipates," "believes," "estimates," "expects," "forecasts," "intends," "plans," "predicts," "projects" and "targets" and similar words are intended to identify these forward-looking statements, which necessarily involve known and unknown risks and uncertainties. Accordingly, the results of operations of the company to be achieved may be different from the company's current goals and the reader should not place undue reliance on these forward-looking statements. Forward-looking statements speak only as of the date they are made, and the company does not undertake any obligation to update them in light of new information or future developments.



1H09 Highlights

Operational Review

Financial Review

1H09 results



Financial highlights

Euro million

	1H09	Δ% y.o.y
Operating revenues	3,231	-0.3%
Contribution from domestic operations (Pct)	50.2	-1.0pp
Contribution from international assets (Pct)	49.8	+1.0pp
EBITDA	1,197	+0.5%
EBITDA Margin	37.1%	+0.3pp
Net Income	256	+1.7%
EPS (Euro cents)	29	+9.6%
Capex	506	+41.1%
Net Debt	6,156	+6.1%
Pension fund performance (Pct)	3.9	

1H09 results



Operational highlights

Thousand customers

	1H09	Δ% y.o.y
Total customers	74,056	+16.6%
Wireline retail accesses (RGUs)	4,001	+8.9%
Retail ADSL customers	781	+19.9%
Pay-TV customers	443	+280.8%
TMN customers	6,980	+7.6%
Data as a pct of service revenues (Pct)	22.7	+3.6pp
Vivo customers	46,819	+15.8%
Data as a pct of service revenues (Pct)	12.3	+2.0pp
Customers of other international assets	16.3	+26.1%



1H09 Highlights

Operational Review

Financial Review

Continued and robust operational and financial delivery of results



Domestic market

- Sustained inflection of wireline RGU's on the back of Meo's triple-play success and gain of market share in broadband
- Continued growth of wireline retail revenues (second consecutive quarter of growth)
- Wireless broadband underpinning postpaid customers and customer revenue growth at TMN
- EBITDA performance still reflecting investments in pay-TV, which has not yet reached critical mass, and wireless broadband
- Peak adverse impact of MTR's in mobile and wireline
- PT brand continued to enjoy the highest notoriety in the residential and customer consumer market
- PT continues to be in the edge of innovation in Portugal, and was ranked as the company that invested most in innovation in 2007

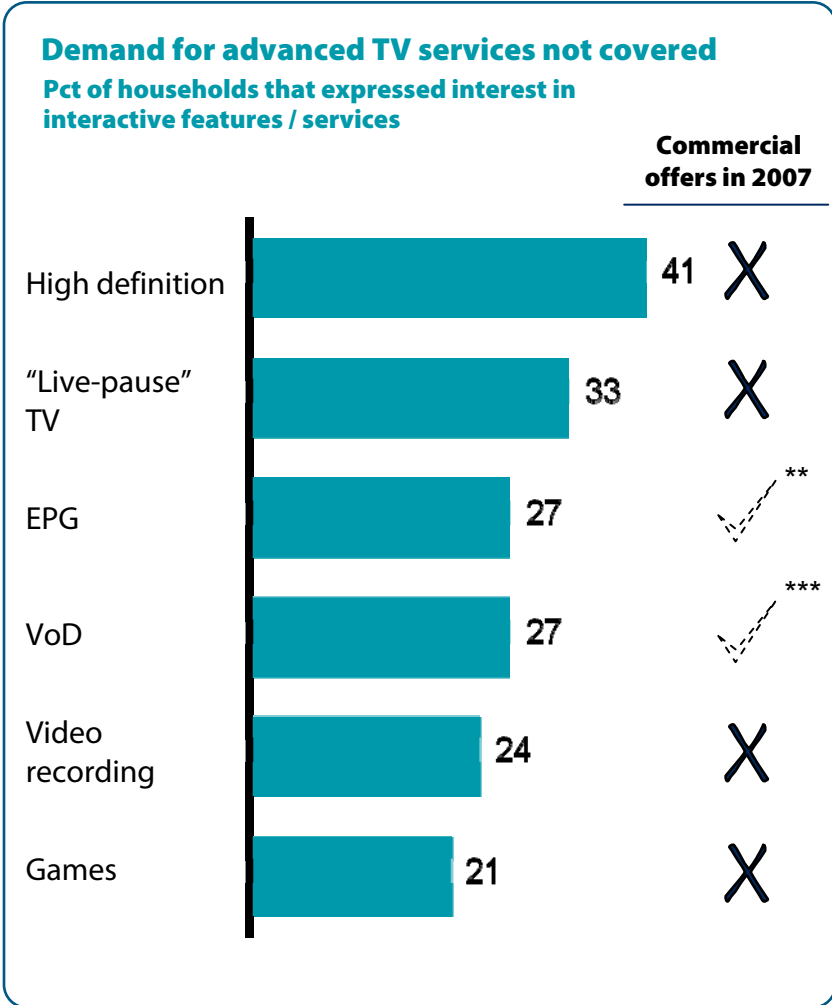
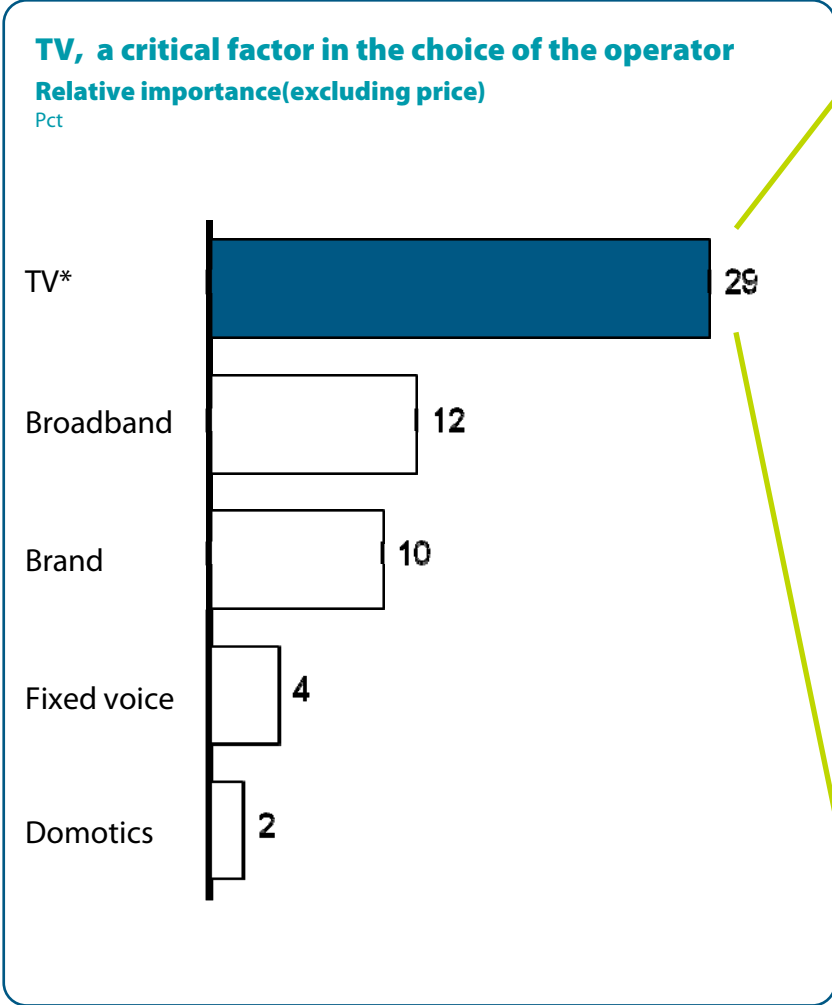
Brazilian market

- Customer base of 46.8 million equivalent to 29.3% market share of customers
- Resilient growth of service revenues underpinned by growth in customers and data usage
- Leadership in the Brazilian market in customers, revenues and EBITDA
- Solid and balanced results lead to improved profitability and substantial growth in net income

African market

- Continued strong operational growth
- Robust financial performance with best in class margins
- Self-funded businesses paying increased dividends





Meo: continued successful rollout of triple-play offer underpinned by an innovative offer of services



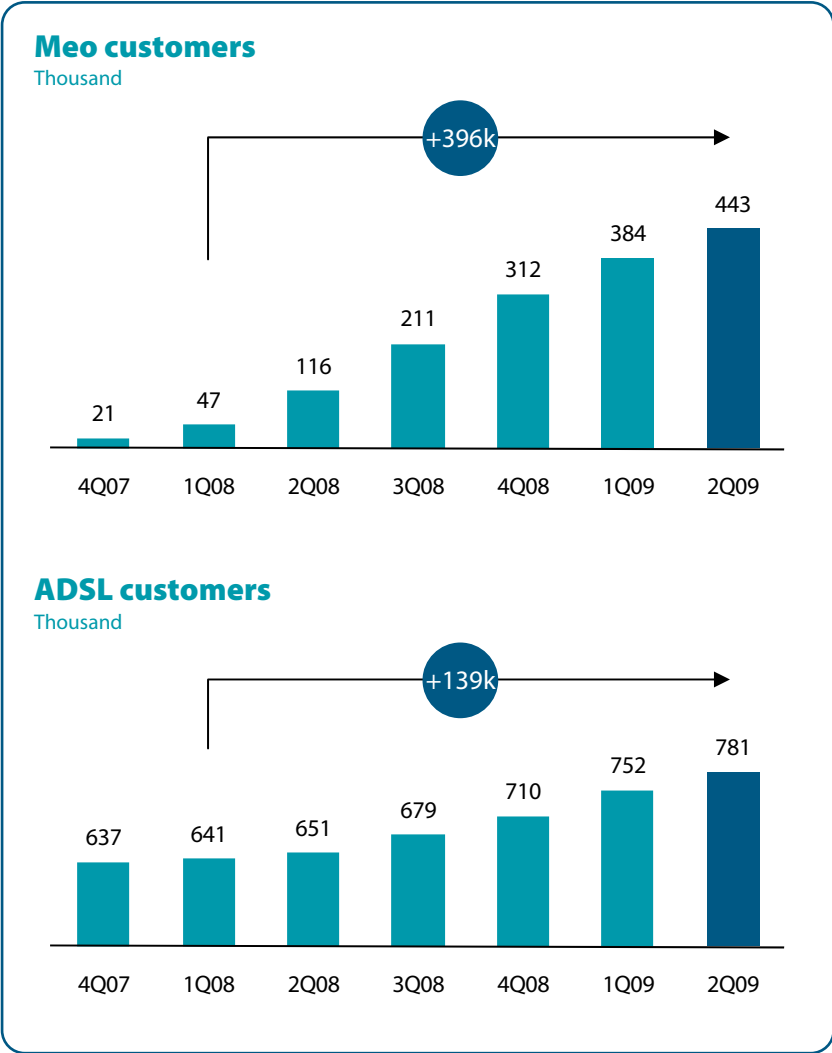
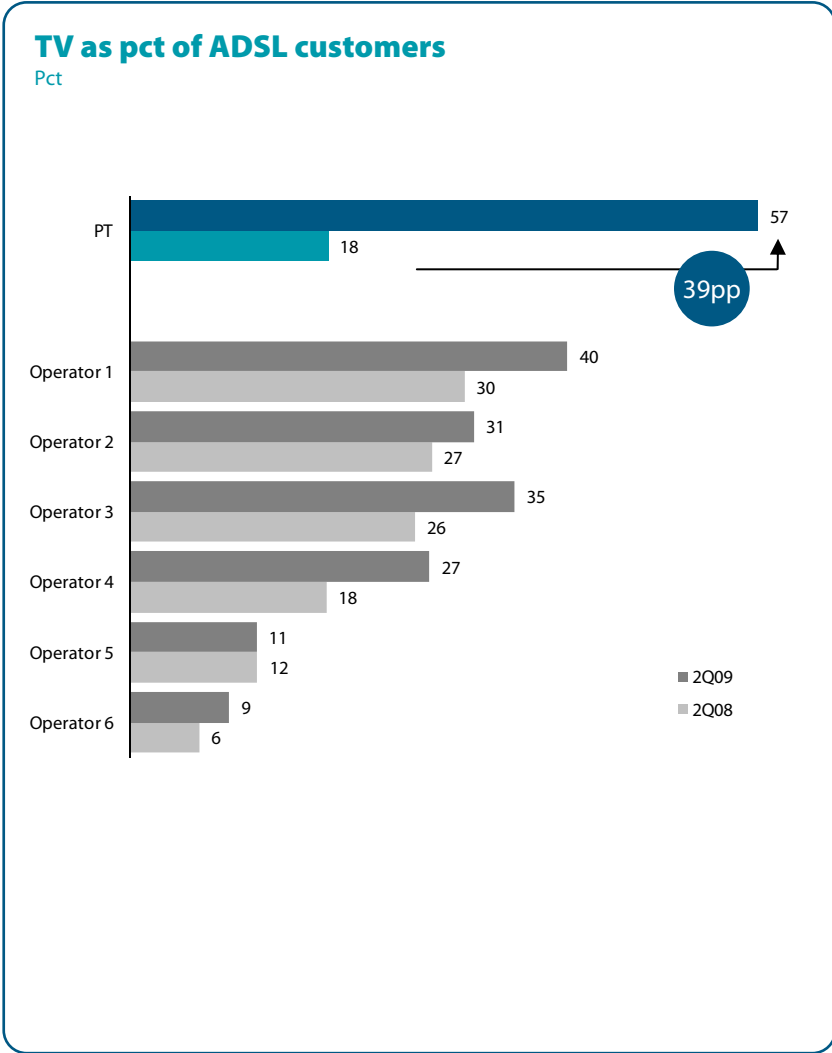
* Includes offer of basic channels (16%), premium channels (9%) and features (4%) / ** EPG without updated information / *** Only pay-per-view available, at predefined schedules.
Source: Screen Digest; WMM Global Insight

Meo: multi-screen and comprehensive content offer with highest brand notoriety in the market



	Content and features	<ul style="list-style-type: none">• 120 TV channels with HD• Interactive services (DVR, EPG, Pause TV)• VoD with more than 2,000 movies
	Multi-screen	<ul style="list-style-type: none">• Seamless experience on TV, mobile or PC• IPTV platform, satellite, 3G and DTT
	Quality of service	<ul style="list-style-type: none">• Unrivalled distribution network in Portugal• Experienced installation and maintenance teams
	A new brand	<ul style="list-style-type: none">• Meo brand with unprecedented brand awareness levels

Meo: sustained growth but still to reach critical mass



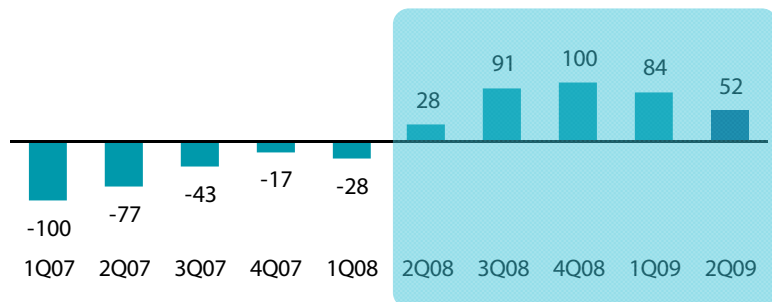
Wireline – resilient growth

Fifth quarter of RGU growth



Retail RGUs net adds*

Thousand

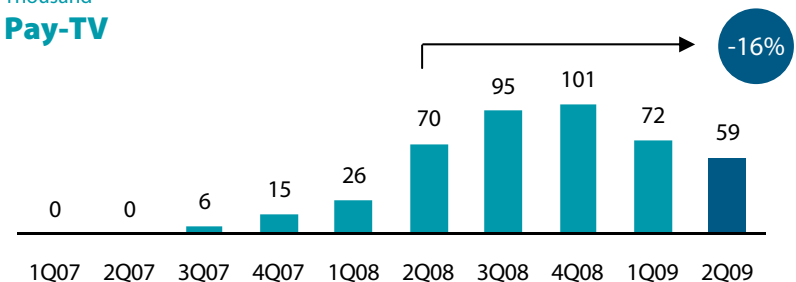


- The residential segment continued to post a steady turnaround in line loss and growth in postpaid ADSL, thus highlighting the importance of Meo
- ~60% of Meo IPTV gross adds are new customers to PT
- Meo is the key factor in regaining market share in broadband and reducing line loss
- RGU still under pressure in SME and corporate segments

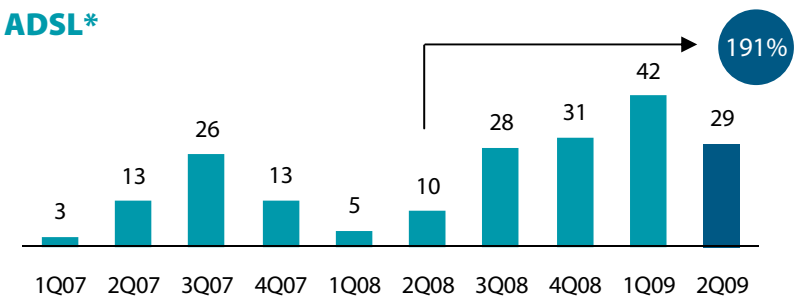
Net adds

Thousand

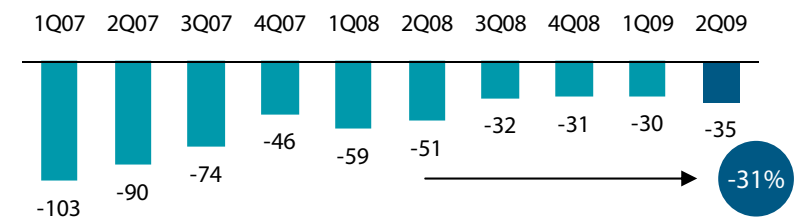
Pay-TV



ADSL*



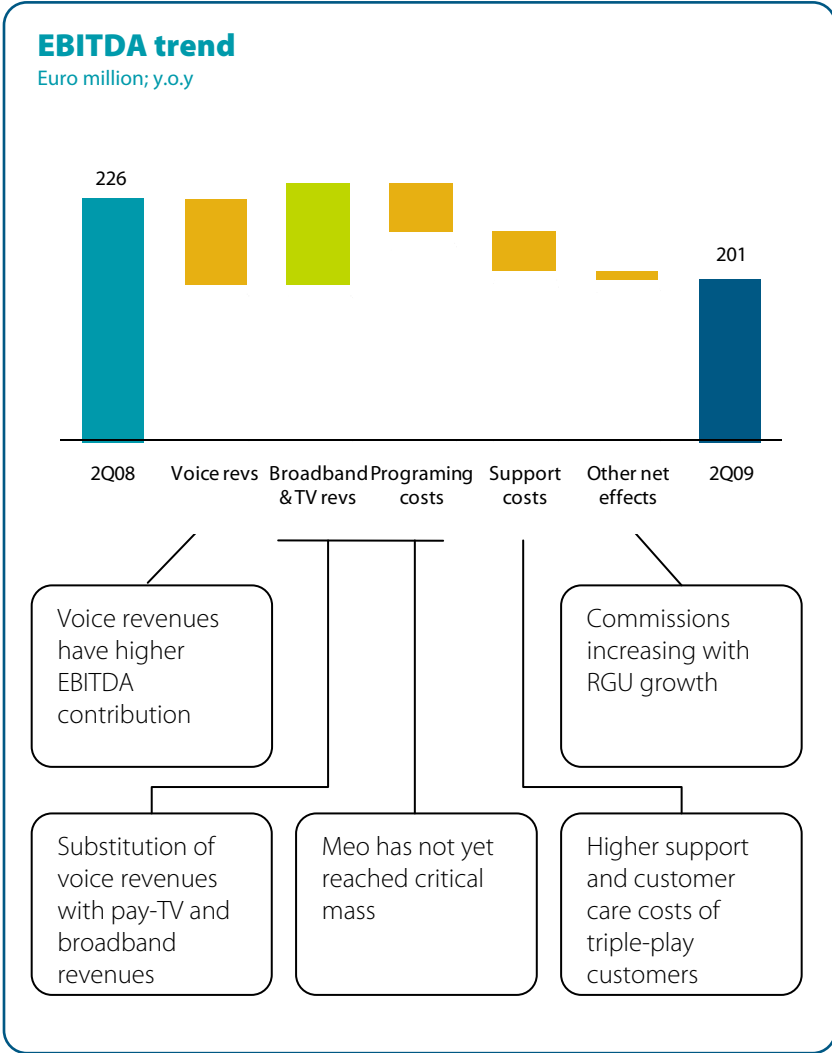
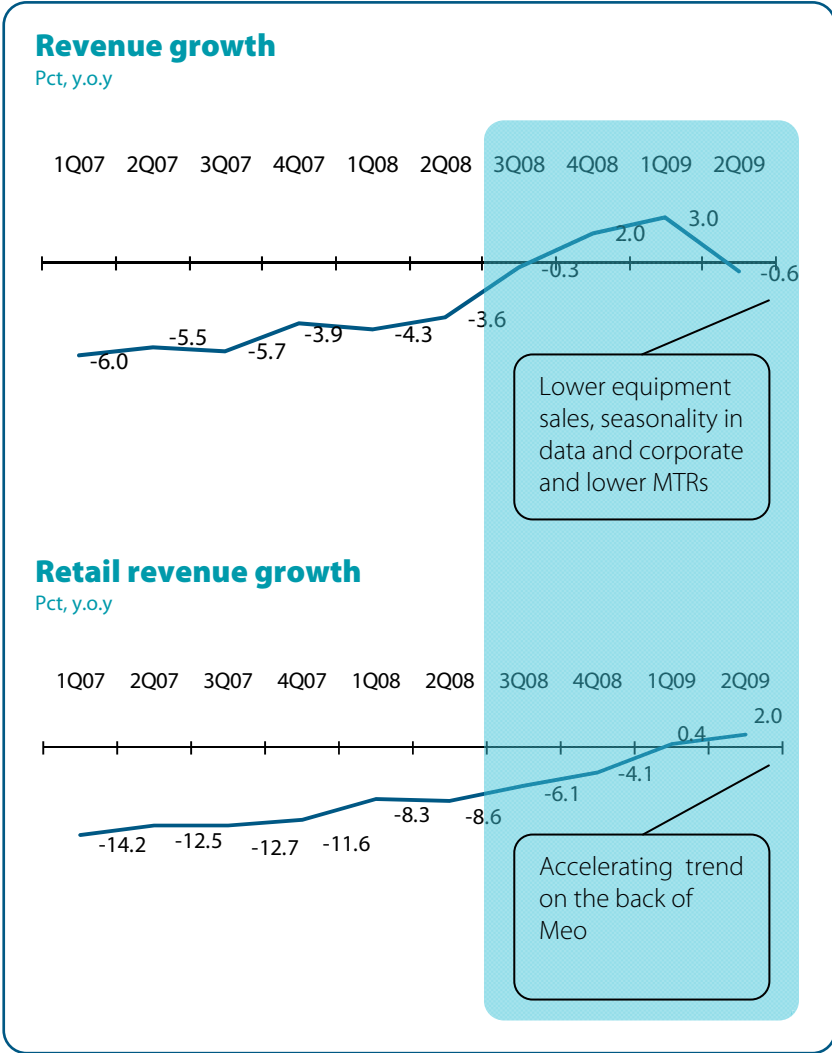
PSTN / ISDN



*Excluding the impact of the database cleanup in 4Q07 of 103 thousand inactive pre-paid customers

Wireline – Reflecting customer acquisition

EBITDA reflects investments in customer acquisition and halting of redundancy programme





The success of mobile broadband is anchored on three pillars:



High quality offer

- 21Mbps download
- Quick and easy installation process
- 1GB email account, antivirus and antispam
- SMS (send and receive)
- Utilisation control (with SMS)



Innovative bundling

- Sale of laptops bundled with mobile broadband to market niches (students, teachers)
- Targeting SMEs through Office Box, an integrated solution bundling fixed and mobile voice and data with terminal equipment



Quality coverage

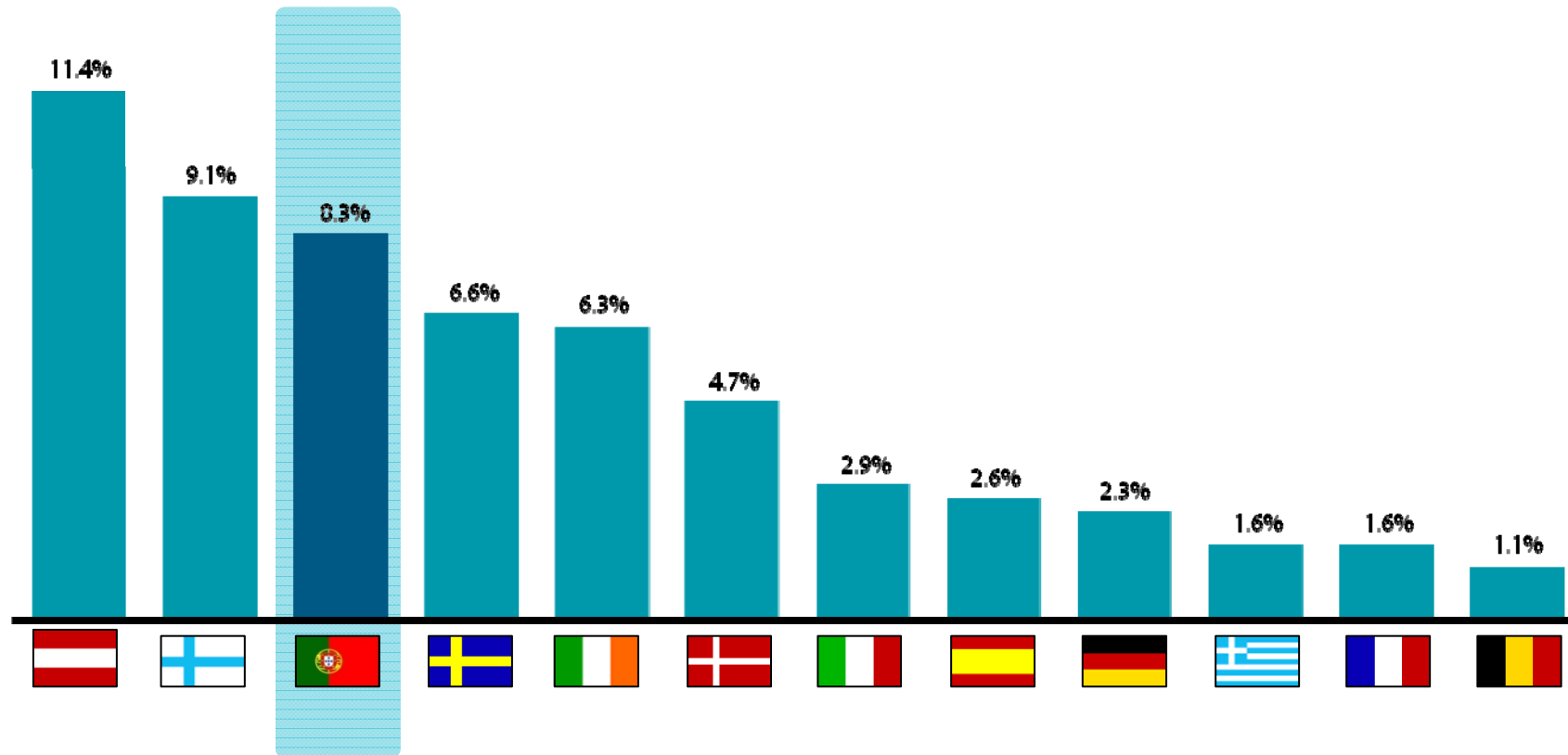
- 3G coverage above 90% (pop.)
- Good quality coverage in more than 97% of urban areas
- Good quality coverage in more than 88% of roads



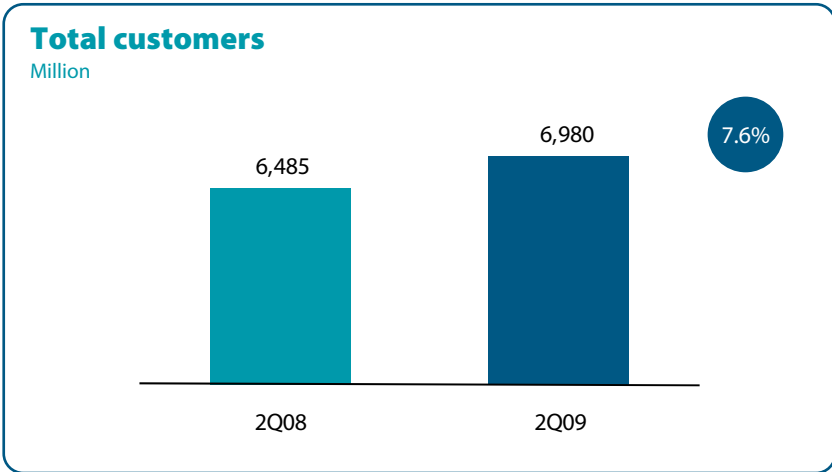
The Portuguese market is in the top tier of mobile broadband usage



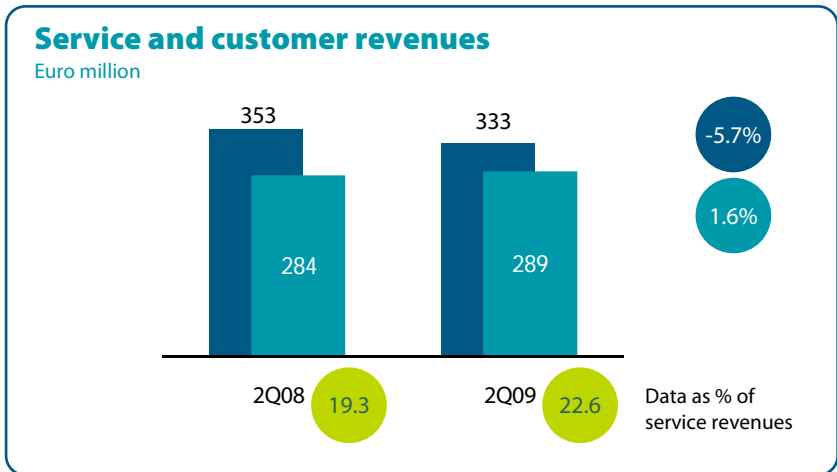
Percentage of population with mobile broadband datacard 2008



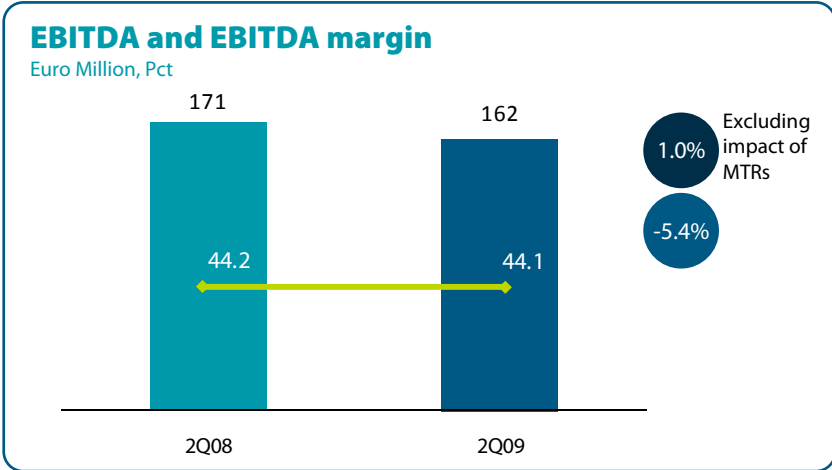
TMN – Data growth and healthy profitability



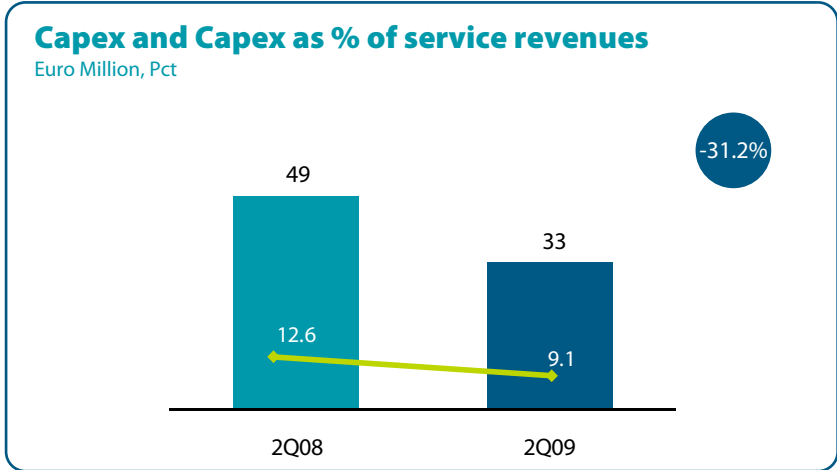
Customer growth underpinned by wireless broadband



Non-SMS data services are the growth driver and account for 57% of data revenues

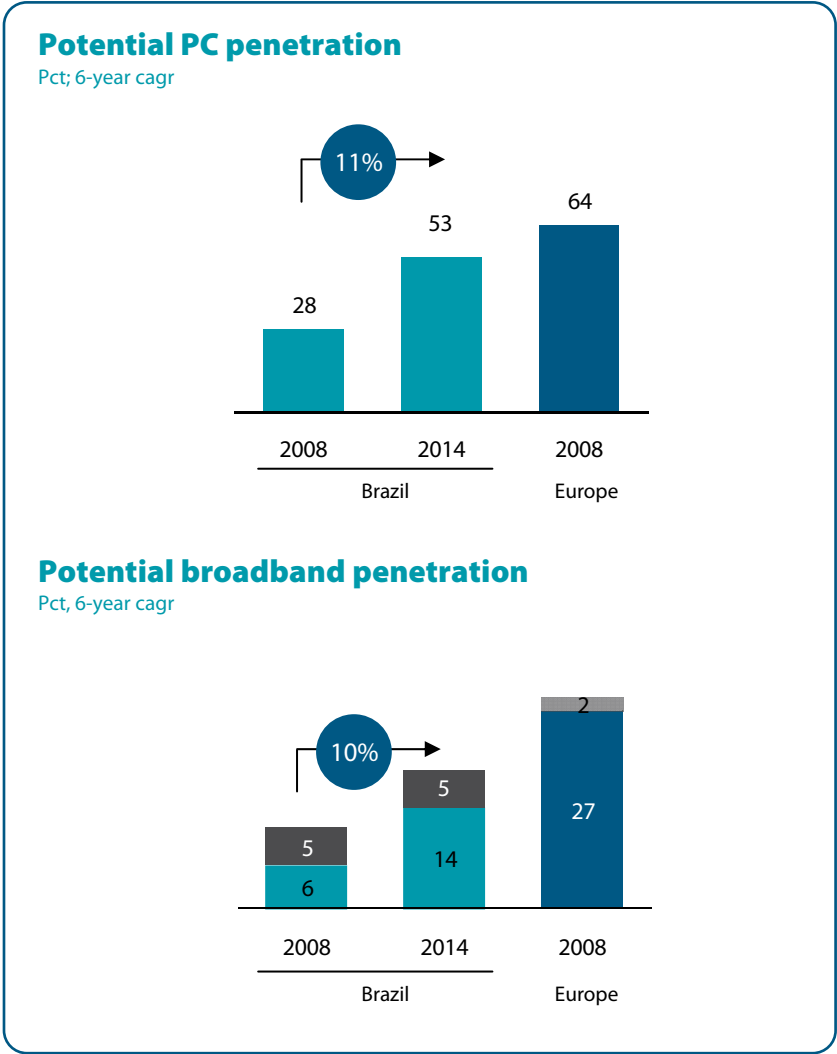
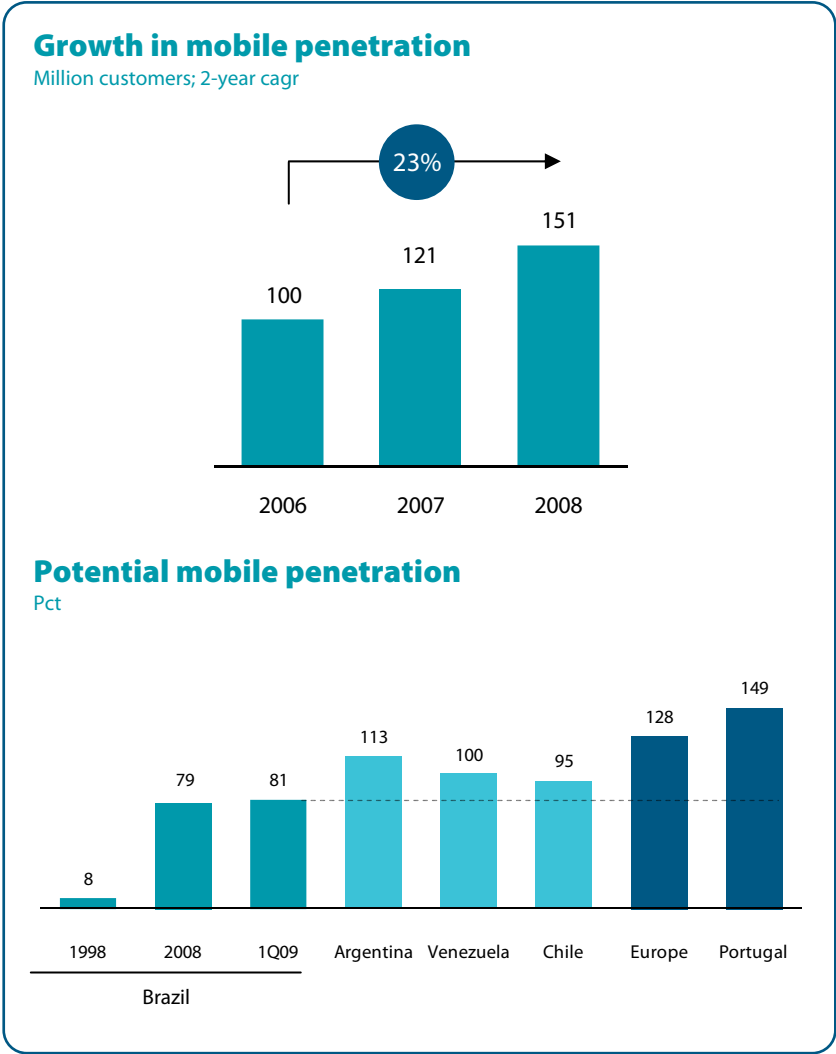


Performance achieved on the back of strict cost control



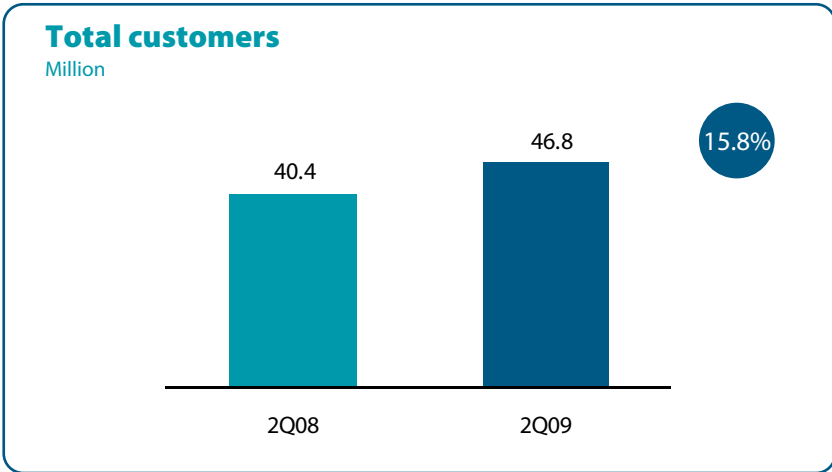
Investments undertaken in 2008 to improve coverage, quality of service and higher data speeds

Brazil continues to offer substantial growth potential both in voice and data

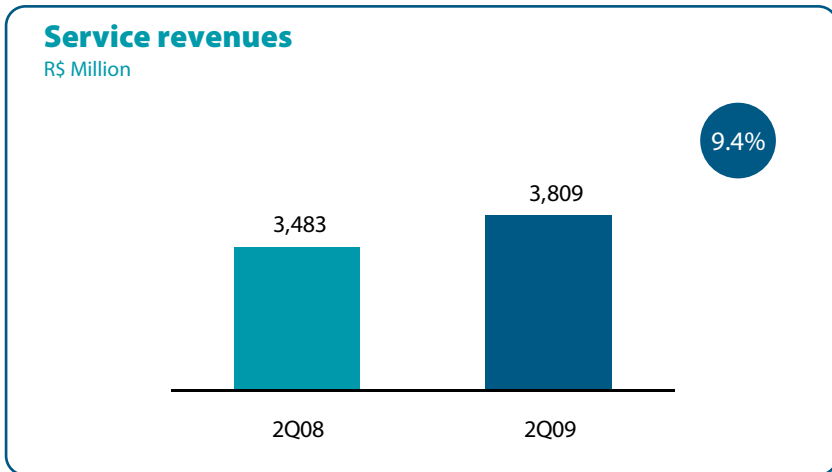


Source: World Market Monitor; Business Monitor International; ITU; WCIS; ANATEL; Latin Panel; and other

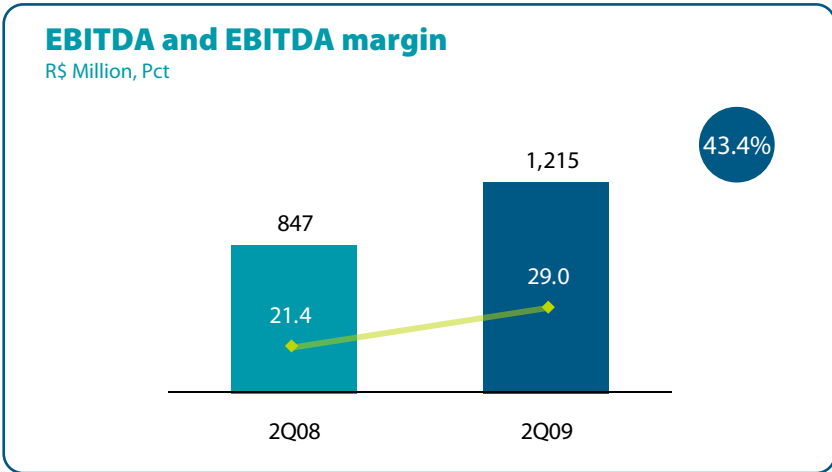
Vivo – Balanced and resilient performance



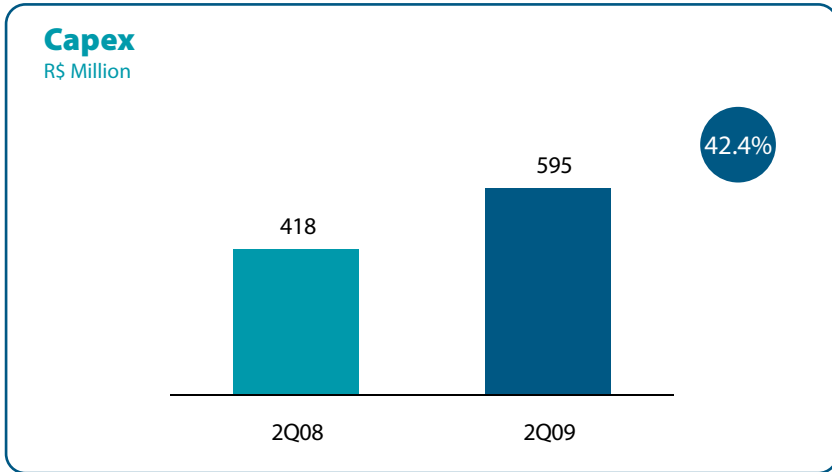
In June 2009, Vivo had 29.3% of market share



Revenue growth underpinned by service revenues (+9.4% y.o.y), as a result of growth in customers and data services

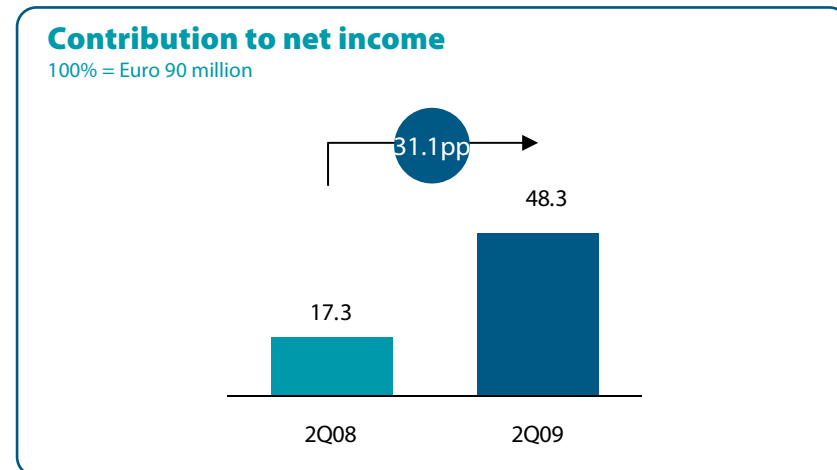
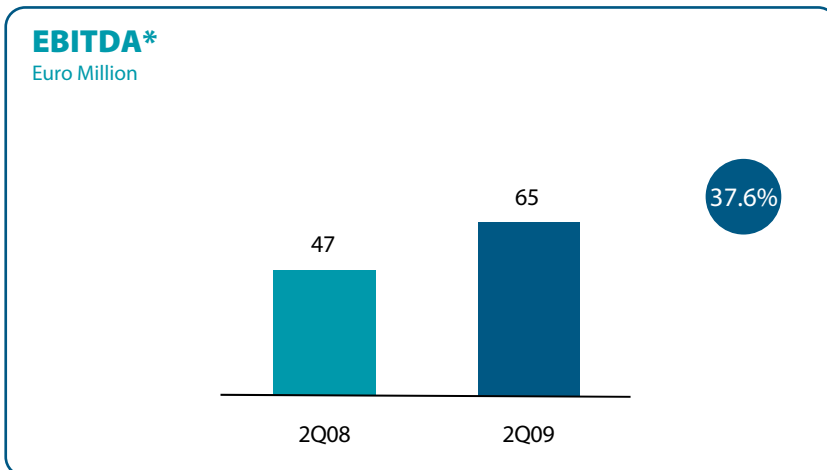
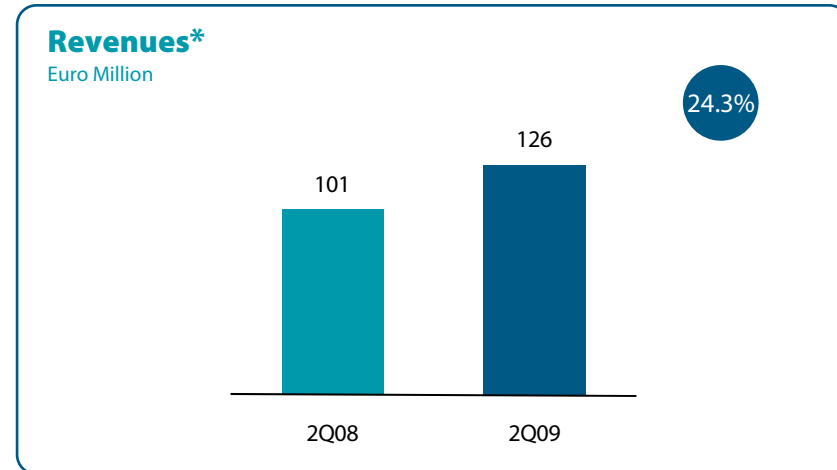
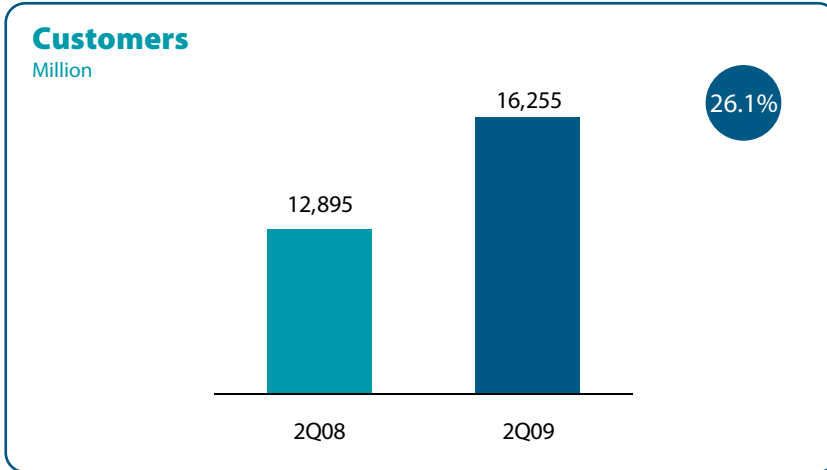


EBITDA margin increased by 7.7pp y.o.y to 29.0%, on the back of revenue growth and cost control



Expansion of network coverage allows for increased capacity and better quality of service

International footprint providing considerable growth



* Proforma consolidation using the percentage of ownership held by PT. Excludes investments in Brazil. IFRS

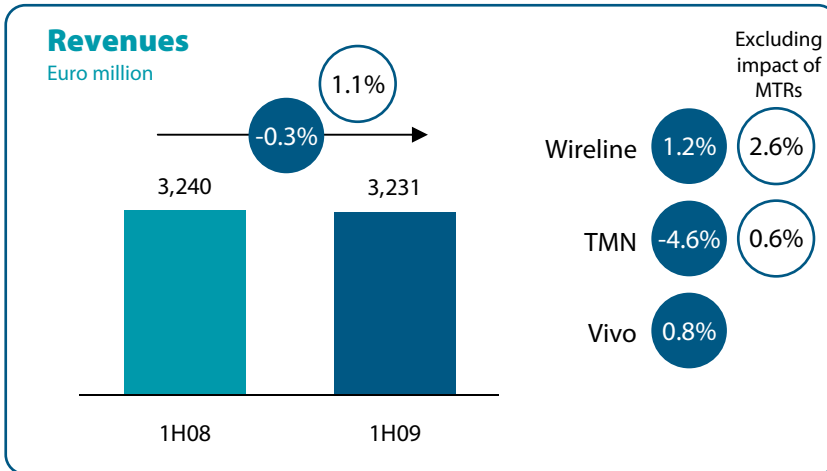


1H09 Highlights

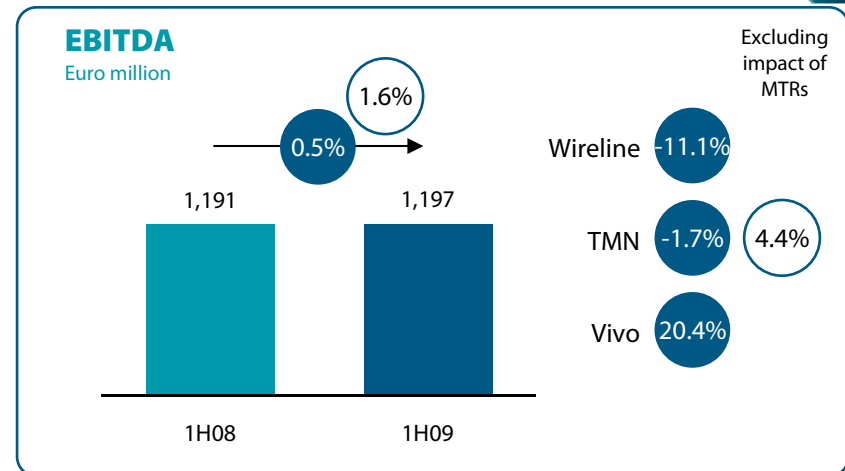
Operational Review

Financial Review

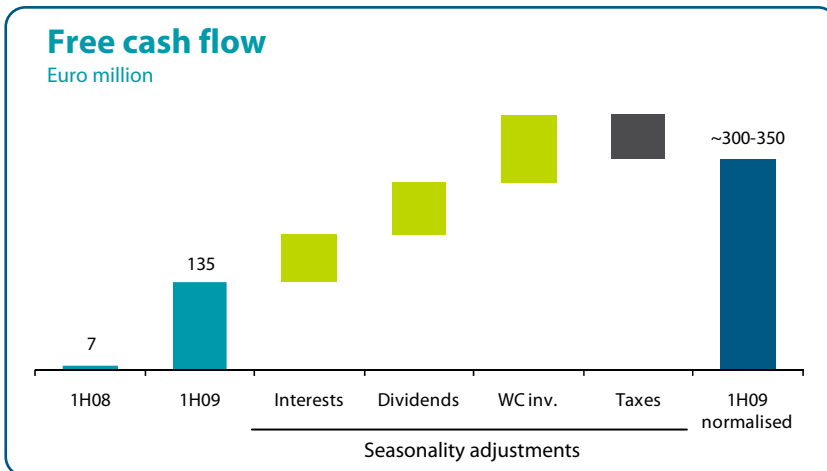
1H09 key metrics



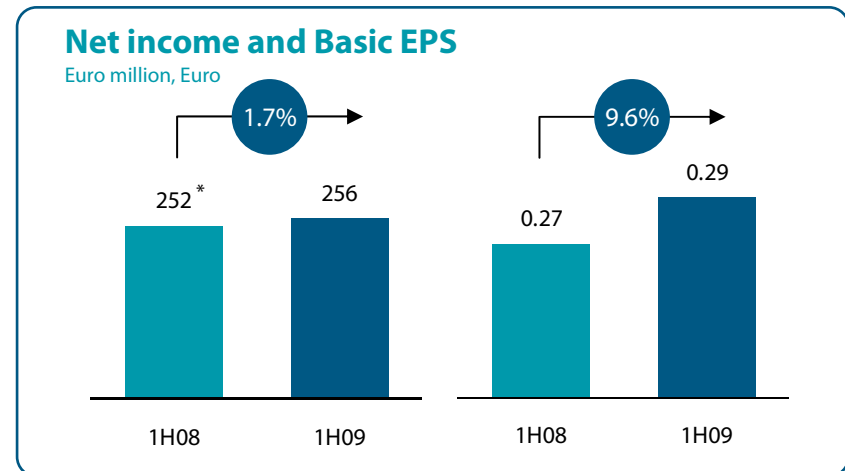
Revenue performance impacted by lower MTRs, offsetting growth in Wireline and Vivo



EBITDA performance supported by growth in Vivo and other international assets



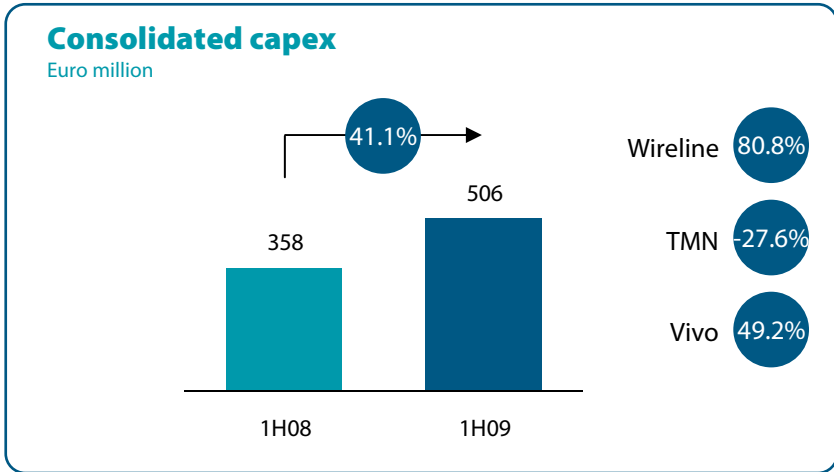
Investments in 1H08 included the acquisition of Telemig



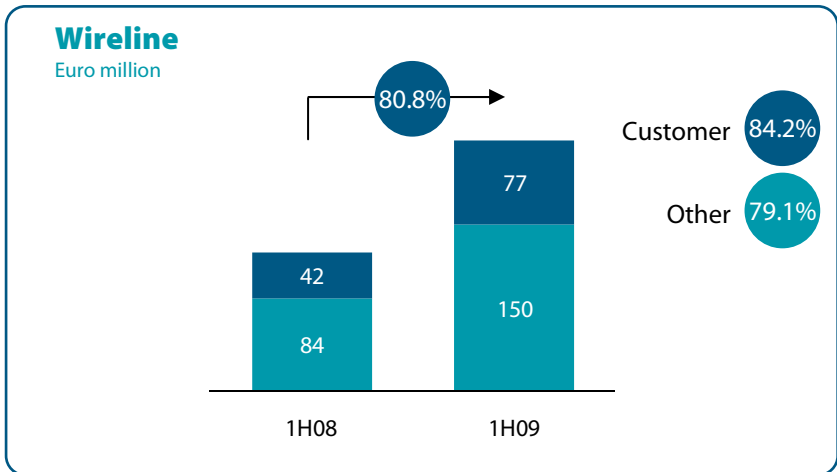
EPS growth with improved momentum

* In 1H08, net income included a Euro 13 million gain related to real estate disposals and a Euro 9 million gain related to the disposal of PT's interest in Banco Best

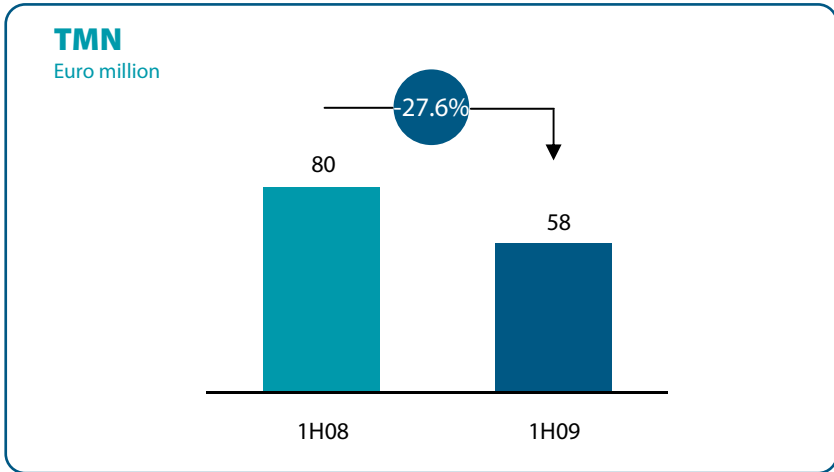
Capex reflecting investment in growth



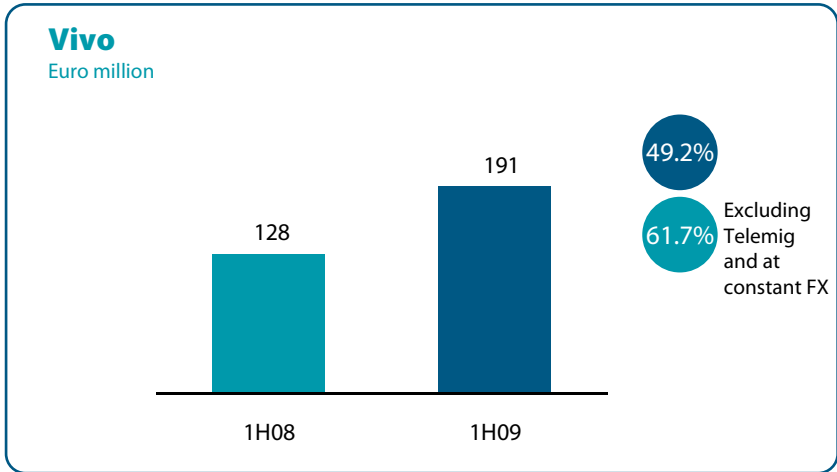
Capex increase is primarily due to wireline and Vivo



Increase in wireline's capex is driven mainly investment in the rollout of FTTH and growth in pay-TV services

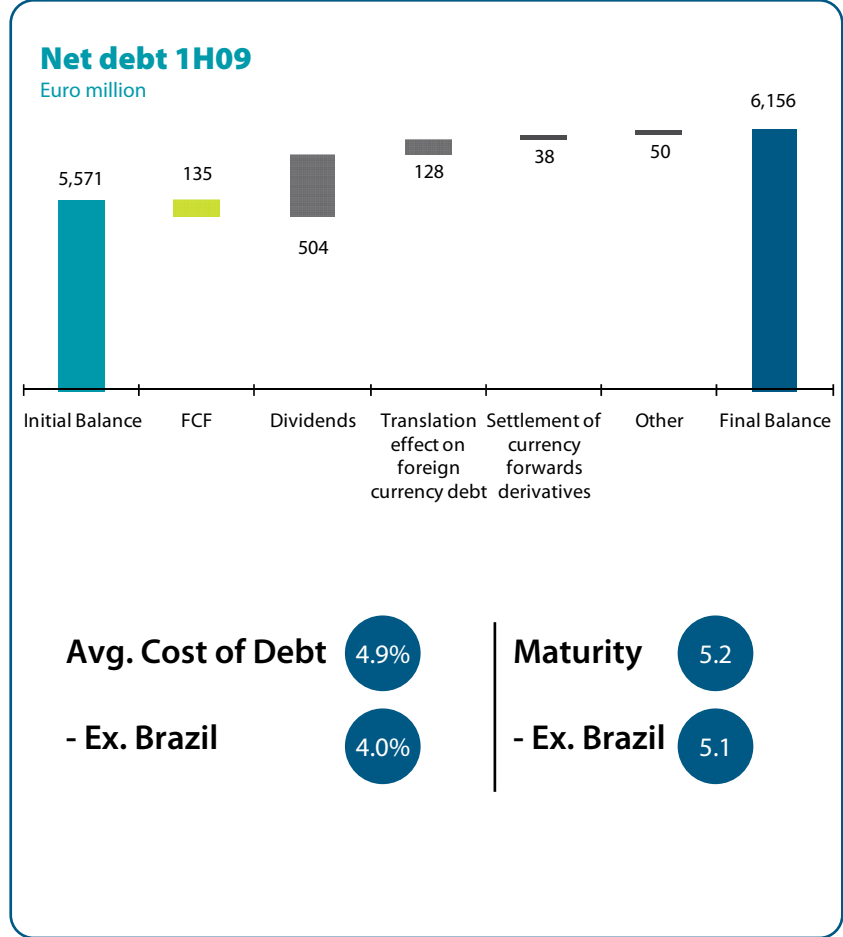


Quality of network and service and recent investments allow for a capex reduction

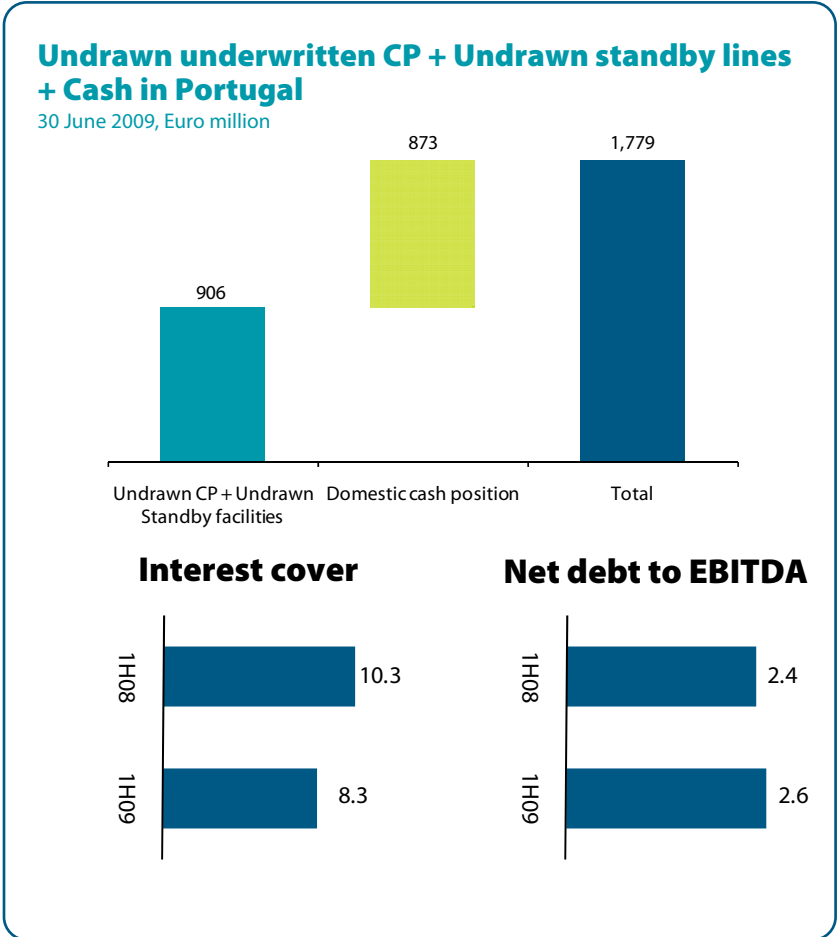


Vivo's capex reflects increasing network capacity, 3G coverage and expansion in Northeast

Net debt profile



Competitive cost of funding and adequate maturities



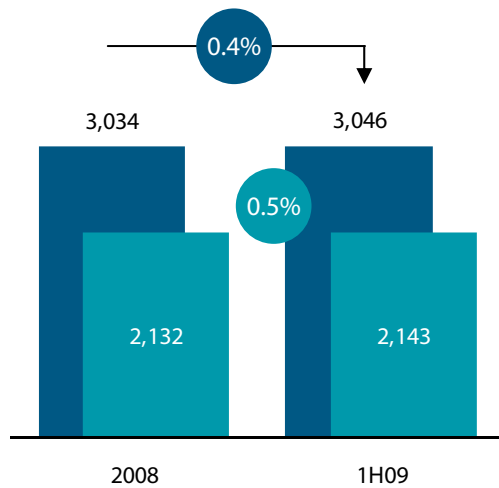
Comfortable funding position and solid balance sheet structure

Pension fund performance of 3.9% as at 30 June and 9.7% as at 4 August



Pension & healthcare obligations and assets

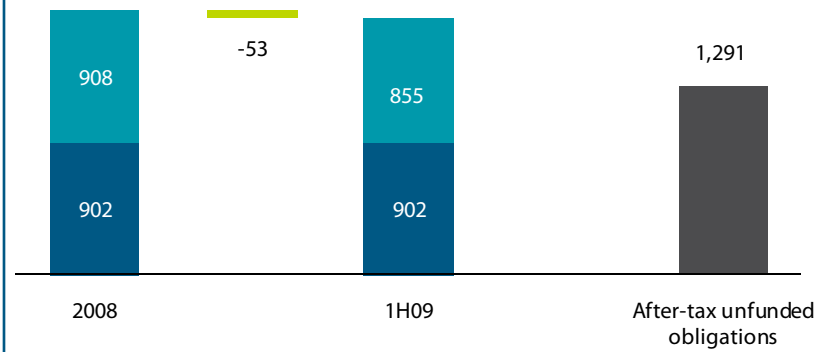
Euro million



- Pension & Healthcare obligations
- Assets

Total after-tax unfunded obligations

Euro million



- Pension & Healthcare obligations
- Salaries payable to suspended and pre-retired employees

In conclusion...



- Triple-play and pay-TV continue to underpin growth in wireline, both in RGU's (+8.9% y.o.y) and retail revenues (+2.0% y.o.y in 2Q09)
- Early stage and investments in pay-TV weighing on EBITDA performance
- TMN is leveraging growth in data services to increase market share and maintaining strict cost control to post healthy margins
- MTR negative impact at its peak in 2Q09
- Vivo with lower customer growth but maintaining its competitive position, improving profitability and growing net income
- DPS of Euro 0.575 per annum, for 2009-11, provides visible and compelling shareholder returns
- Management is committed to maintain strict cost, financial, operational and strategic discipline



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