



**4Q13 RESULTS**  
Lisbon, 19 February 2014

# 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 facts, 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.

# CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

PT's consolidated financial statements are prepared in accordance with IFRS as adopted by the European Union, under which the adoption of IFRS 11 Joint Arrangements is mandatory only as from 1 January 2014, although early adoption is allowed. Under IFRS 11, the proportional consolidation of joint controlled entities is no longer possible and equity method of accounting is required. PT decided for the early adoption of IFRS 11, once the adoption of this standard is mandatory for NYSE reporting. Following the early adoption of IFRS 11, PT's joint control interest in Oi, Contax and controlling entities was accounted by the equity method and prior year information was restated accordingly.

Post retirement benefits costs in 2012 were restated in order to reflect the impact of the adoption of the revised version of IAS 19 Employee Benefits. The main changes consisted of determining the expected return on assets based on the discount rate of the correspondent liabilities instead of the long-term rate of return on assets, which in our case resulted in a lower return on assets and consequently higher post retirement benefits costs.

Please see additional information regarding the matters referred to above in page 22 of 2013 results press release and in Note 3 of our financial statements as of 31 December 2013, including the detailed impacts of the restatements.

# CONSOLIDATED HIGHLIGHTS

## REVENUES AND EBITDA

## Financial highlights

Euro million

	2013	2012	y.o.y	4Q13	4Q12	y.o.y
<b>Operating revenues</b>	<b>2,911</b>	<b>3,079</b>	<b>-5.4%</b>	<b>736</b>	<b>758</b>	<b>-2.9%</b>
<b>Portugal</b>	<b>2,560</b>	<b>2,701</b>	<b>-5.2%</b>	<b>639</b>	<b>660</b>	<b>-3.2%</b>
Residential	721	712	+1.3%	180	178	+1.4%
Personal	655	688	-4.8%	168	171	-1.5%
Enterprise	791	896	-11.7%	196	225	-12.8%
<b>EBITDA</b>	<b>1,162</b>	<b>1,290</b>	<b>-9.9%</b>	<b>281</b>	<b>298</b>	<b>-5.8%</b>
Portugal	1,091	1,201	-9.1%	268	285	-5.8%
<b>Margin (Pct)</b>	<b>39.9</b>	<b>41.9</b>	<b>-2.0pp</b>	<b>38.2</b>	<b>39.4</b>	<b>-1.2pp</b>
Portugal	42.6	44.5	-1.8pp	42.0	43.1	-1.2pp
<b>Capex</b>	<b>589</b>	<b>661</b>	<b>-10.9%</b>	<b>179</b>	<b>213</b>	<b>-15.7%</b>
Portugal	490	555	-11.8%	153	185	-17.2%
<b>EBITDA minus Capex</b>	<b>573</b>	<b>629</b>	<b>-8.8%</b>	<b>102</b>	<b>86</b>	<b>+18.9%</b>
<b>Net income</b>	<b>331</b>	<b>226</b>	<b>+46.6%</b>	<b>26</b>	<b>40</b>	<b>-35.3%</b>
<b>Proportional consolidation *</b>						
Revenues	5,988	6,599	-9.3%	1,441	1,615	-10.8%
EBITDA	2,122	2,269	-6.5%	608	540	+12.6%
Margin (Pct)	35.4	34.4	+1.1pp	42.2	33.4	+8.8pp

\* Including Oi and Contax

## CUSTOMER GROWTH UNDERPINNED BY CONVERGENCE AND INTERNATIONAL

## Operational highlights

Thousand customers

	2013	2012	y.o.y	Net adds 2013	Net adds 4Q13
<b>Total*</b>	<b>101,021</b>	<b>99,300</b>	<b>+1.7%</b>	<b>+1,721</b>	<b>+192</b>
<b>Portugal</b>	<b>13,054</b>	<b>12,650</b>	<b>+3.2%</b>	<b>+404</b>	<b>+109</b>
Consumer	10,222	9,866	+3.6%	+357	+90
Residential	3,892	3,841	+1.3%	+51	+14
Personal	6,330	6,024	+5.1%	+306	+76
Enterprise	2,594	2,533	+2.4%	+61	+25
Pay-TV	1,315	1,223	+7.5%	+91	+21
Triple-play	952	833	+14.3%	+119	+31
FTTH	372	328	+13.5%	+44	+10
Mobile	7,896	7,598	+3.9%	+298	+89
Prepaid	4,971	5,129	-3.1%	-158	-54
Postpaid	2,925	2,469	+18.5%	+456	+143
<b>Brazil</b>	<b>74,466</b>	<b>74,340</b>	<b>+0.2%</b>	<b>+126</b>	<b>-407</b>
Residential	17,837	18,337	-2.7%	-499	-499
Personal mobility	47,727	46,305	+3.1%	+1,422	+389
Corporate/SME	8,246	8,971	-8.1%	-725	-296
<b>Other international*</b>	<b>13,501</b>	<b>12,310</b>	<b>+9.7%</b>	<b>+1,191</b>	<b>+490</b>

\* 2012 excluding CTM

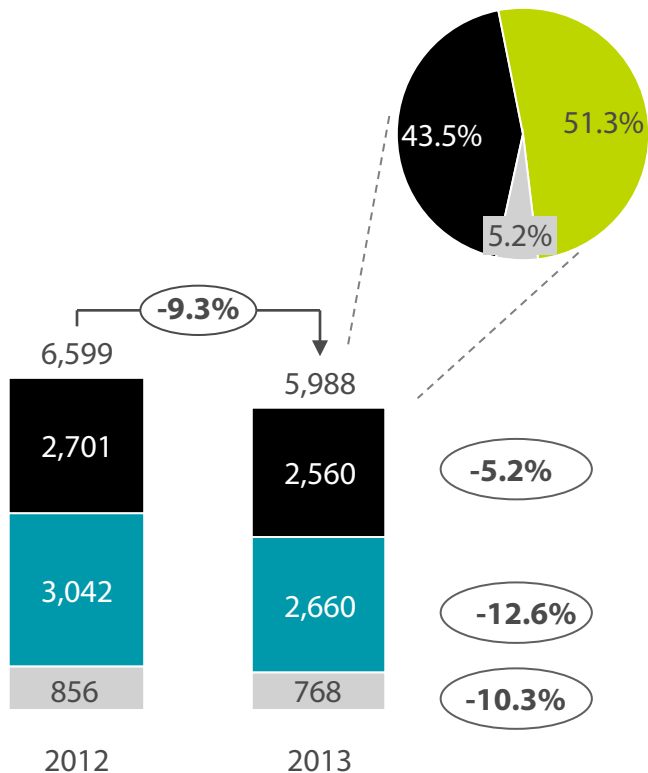
# FINANCIAL REVIEW

# Proforma Revenues and EBITDA

## SCALE AND DIVERSIFICATION

### Revenues

Euro million



○ y.o.y

■ Portugal

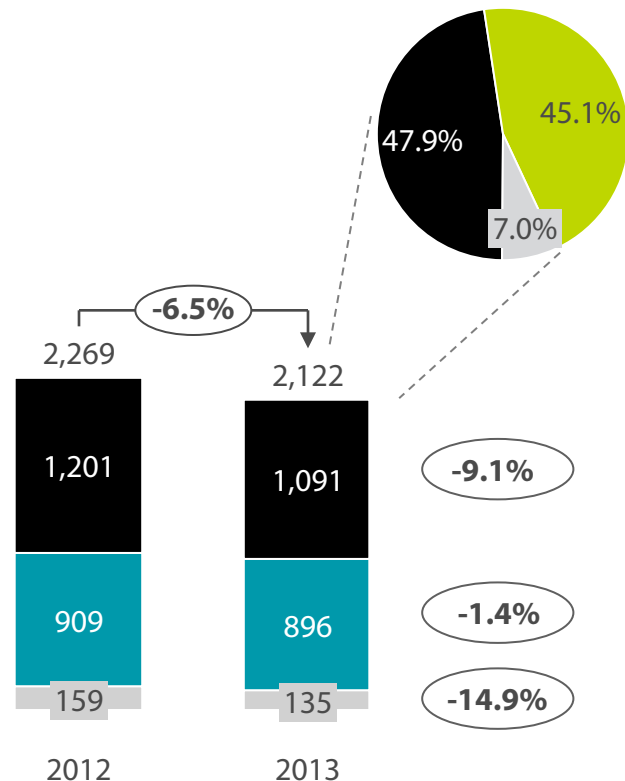
■ Oi

■ Brazil

■ Other

### EBITDA

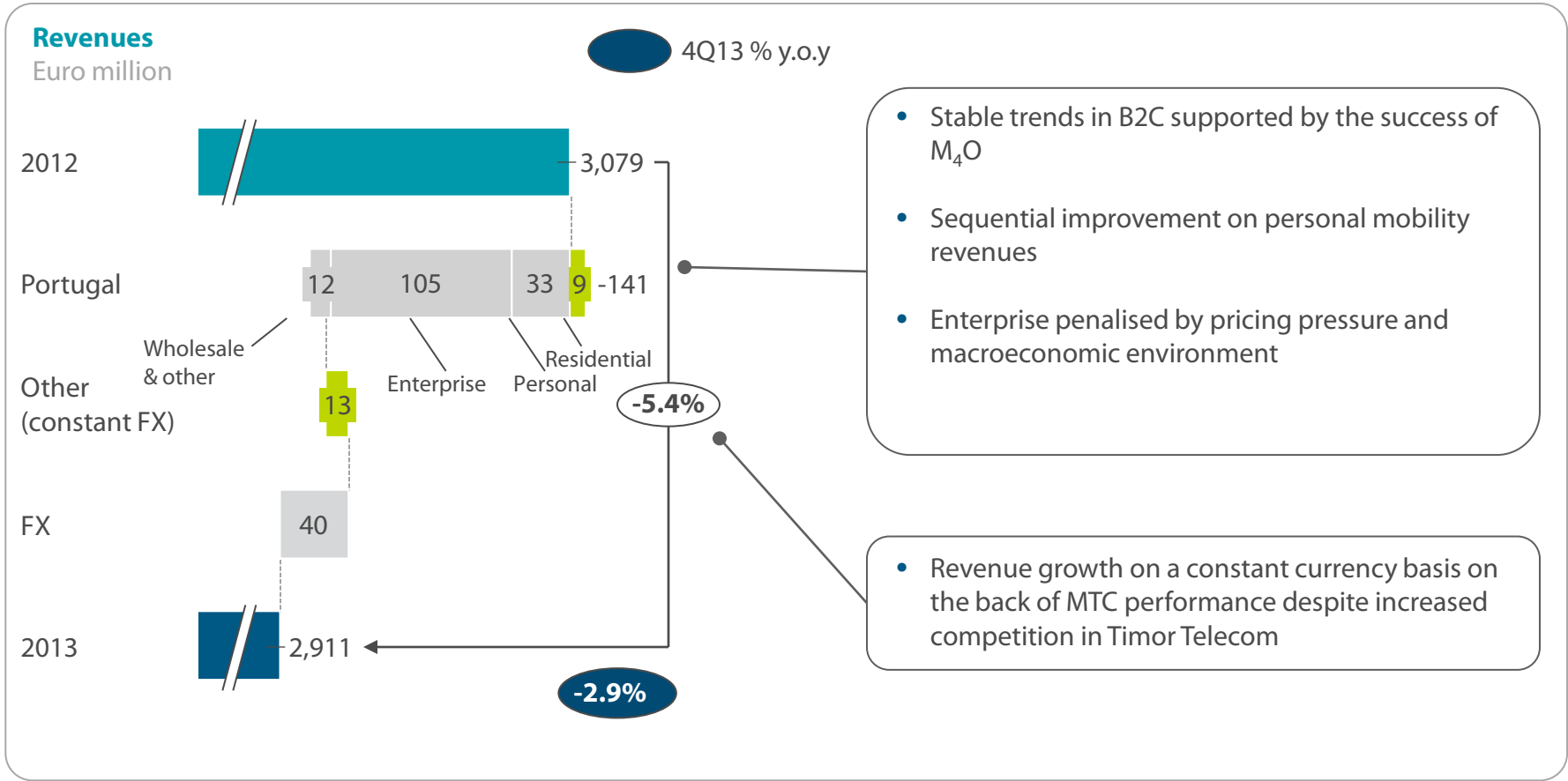
Euro million



Note: Proforma revenues and EBITDA using the proportional consolidation of Oi and Contax



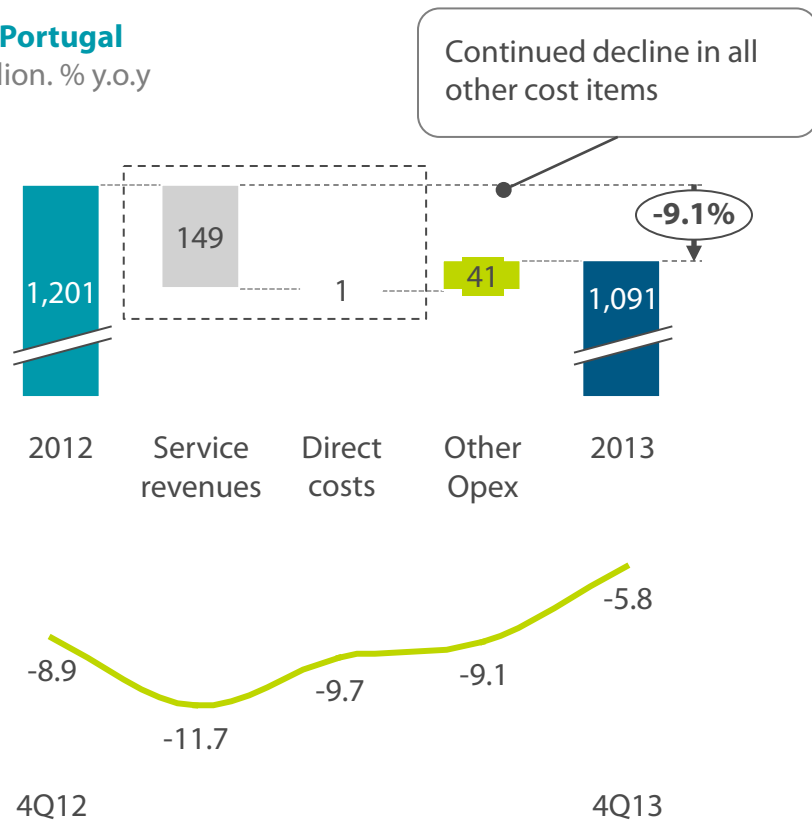
# SEQUENTIAL IMPROVEMENT ON REVENUES DUE TO M<sub>4</sub>O DESPITE ENTERPRISE AND FX



# SEQUENTIAL IMPROVEMENT IN PERFORMANCE

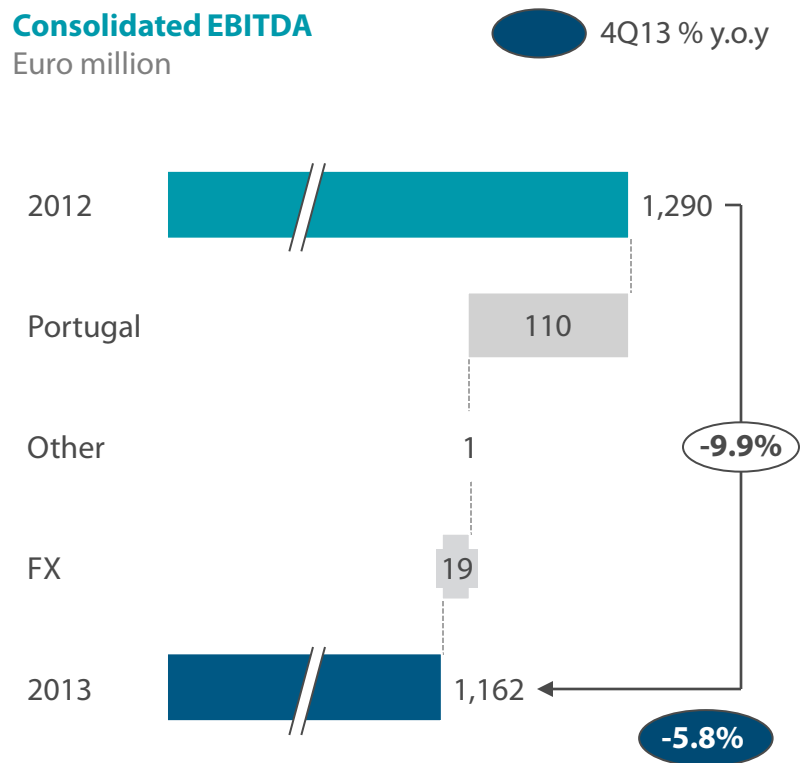
## EBITDA Portugal

Euro million. % y.o.y



## Consolidated EBITDA

Euro million

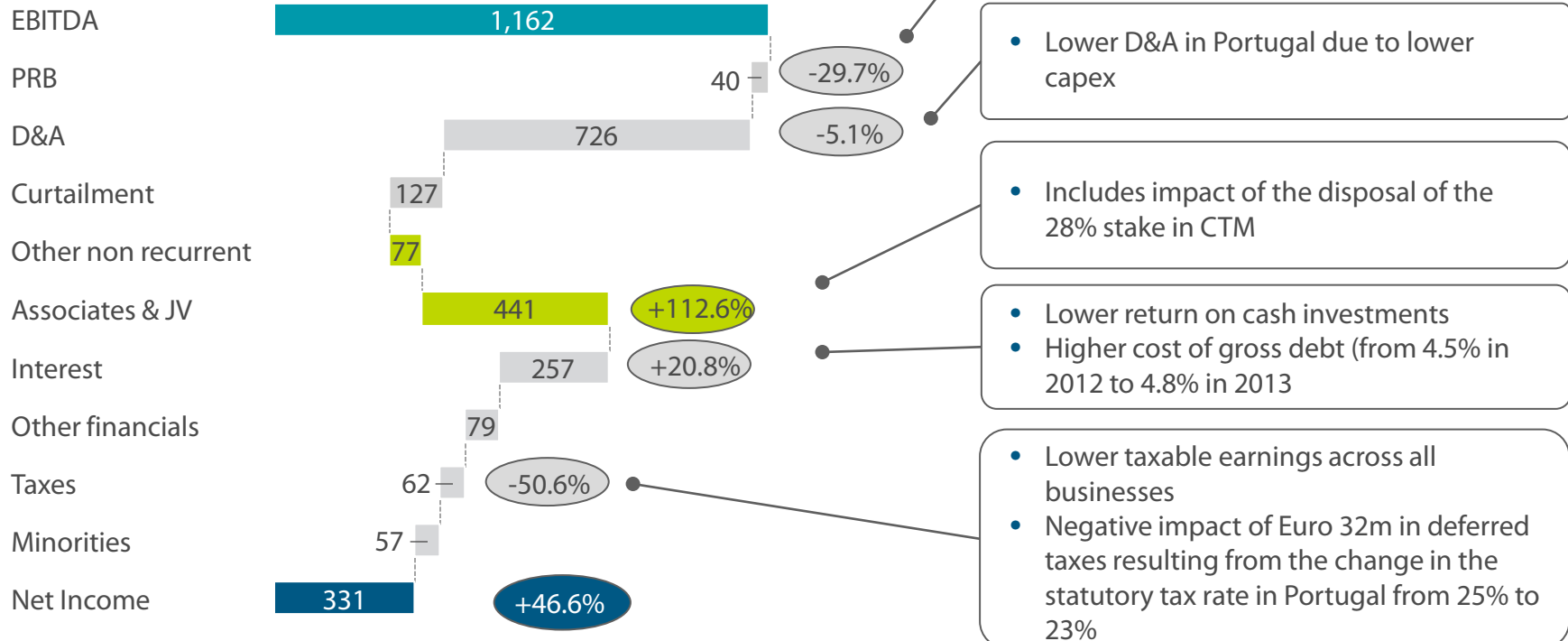


# NET INCOME IMPACTED BY NON RECURRENT

○ 2013 % y.o.y

## Net Income

Euro million. 2013



# Consolidated – Capex

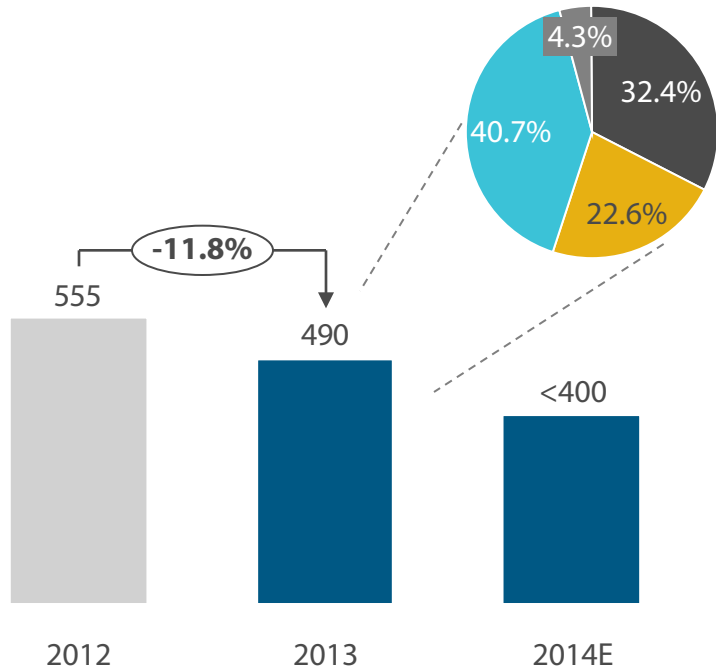
## LOWER CAPEX AS A RESULT OF THE COMPLETION OF THE TECHNOLOGICAL TRANSFORMATION

4Q13 % y.o.y

### Capex Portugal

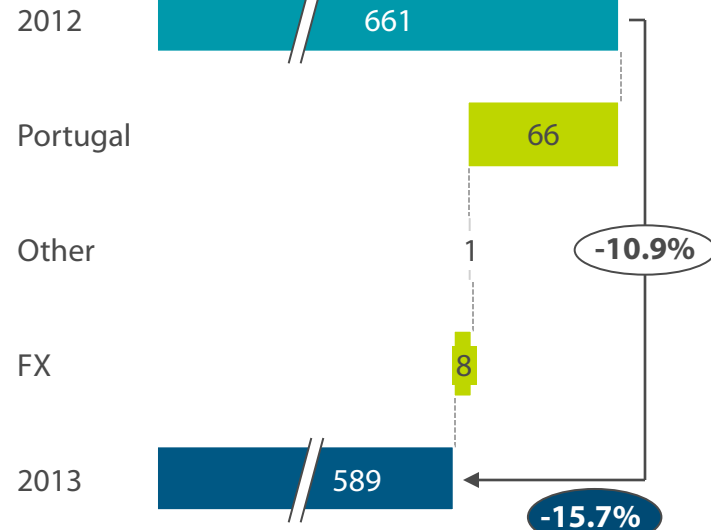
Euro million

Customer IT/IS Infrastructure Other



### Consolidated Capex

Euro million

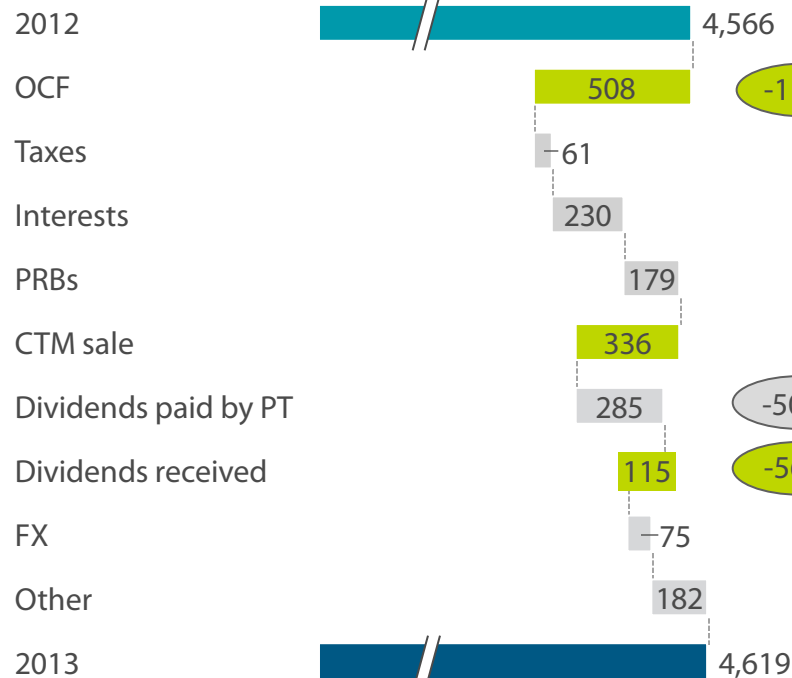


# POSITIVE IMPACT OF OCF AND DISPOSAL OF ASSETS

○ 2013 % y.o.y

## Net debt\*

Euro million



- Lower operating cash-flow, driven by lower EBITDA minus Capex

- Dividends paid by PT to its shareholders as for the previous dividend policy (Euro 32.5 cents)

- Lower dividends received from equity accounted assets

- Real depreciation on cash in Brazil and USD dividends

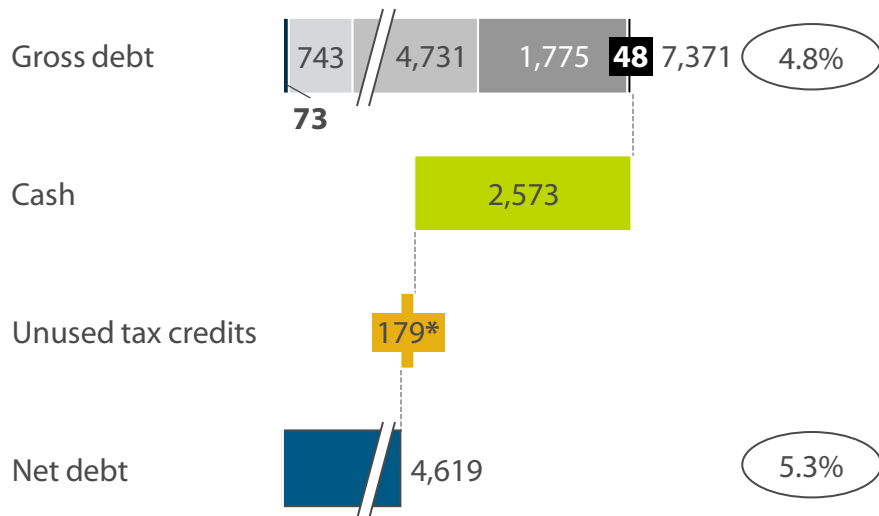
\* Includes unused tax credits on the amounts paid to the Portuguese State in December 2011 and 2012 under the transfer of unfunded pension obligations

# Consolidated – Net debt

## STRONG LIQUIDITY POSITION

### Debt

Euro million. 31 Dec 2013



■ Equity swaps  
 ■ Convertible bonds  
 ■ Bonds  
 ■ Loans  
 ■ Leasings  
 ■ Underwritten CP + Credit facilities  
 ■ Cash

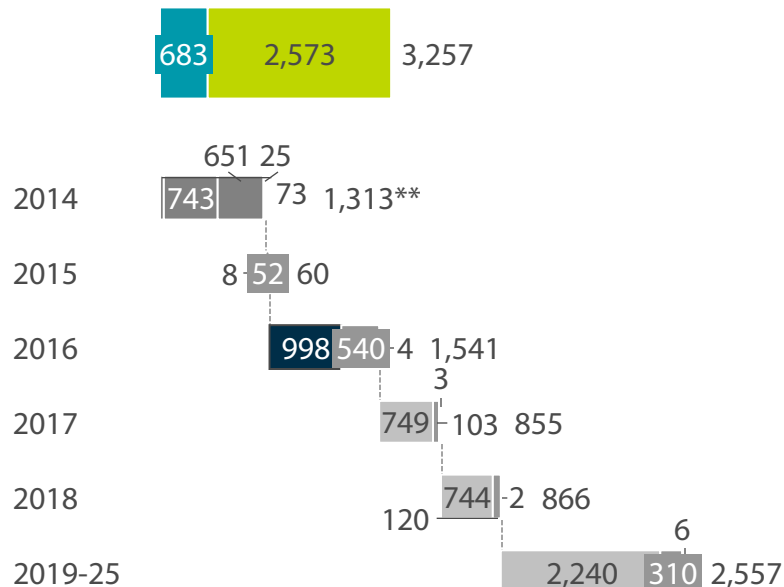
\* This caption corresponds to the unused tax credits on the amounts paid to the Portuguese State in December 2011 and 2012 under the transfer of unfunded pension obligations

\*\* Net of the unused tax credits amounting to Euro 178 million as referred to above

○ Cost of debt

### Debt profile

Euro million. 31 Dec 2013



# BUSINESS PERFORMANCE

# PORTUGAL



## BUSINESS PRIORITIES

### Consumer

Explore the convergence opportunity to grow market share based on simplicity, convenience and value-for-money

#### Residential

Transformation leveraged on advanced Pay-TV and bundles



#### Personal

Move to flat voice and continue to explore data opportunity



#### Enterprise

Enhance convergence and penetration of IT/IS and VAS (Cloud, SaaS, Outsourcing and BPO) to increase share of wallet



# DIFFERENTIATION ON THE BACK OF POPULAR CONTENT, ADVANCED FUNCTIONALITIES, INTERACTIVITY AND APPS IN MULTIPLE SCREENS...



## NON LINEARITY

VOD, Pause and Restart TV and automatic recording - last 7 days



## COMPLETE APP ECOSYSTEM

Games, utilities, social networks, music

## Multi screen



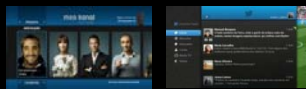
## INTERACTIVE FEATURES

Access to onscreen voting, multi-cameras , and additional on-demand content



## USER GENERATED CONTENT

Personal channels with private and public content



# ... COMPLEMENTED BY AN END-TO-END MOBILE STRATEGY...

- Drive **penetration of smartphones** through an extensive portfolio with attractive retail prices



- **Upsell mobile broadband** through superior product quality and innovative offers / add-ons at affordable prices



**Tariff plans** focused on flat-fees

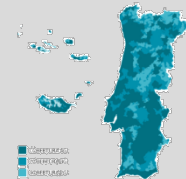


**Marketing campaigns** leveraging mobile and fixed customers

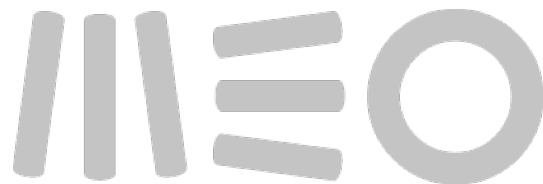


**State-of-the-art network**

Leadership in 4G-LTE with coverage of ~93% of population



... AND APPS THAT DRIVE USAGE AND PROMOTE CUSTOMER LOYALTY



MEO Go

**+1mn**  
sessions per month



MEO Music

**137mn**  
songs played  
since launch



MEO Cloud

**1mn**  
files uploaded per  
day on average



MEO Drive

**+800k**  
Downloads since  
launch



MEO WiFi

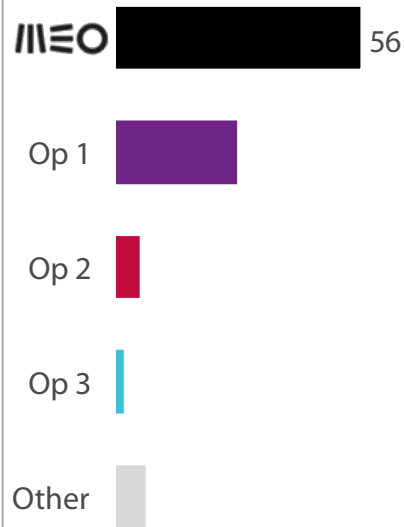
**1.6mn**  
Sessions per  
month

# MEO IS THE LEADING RETAIL BRAND IN PORTUGAL...



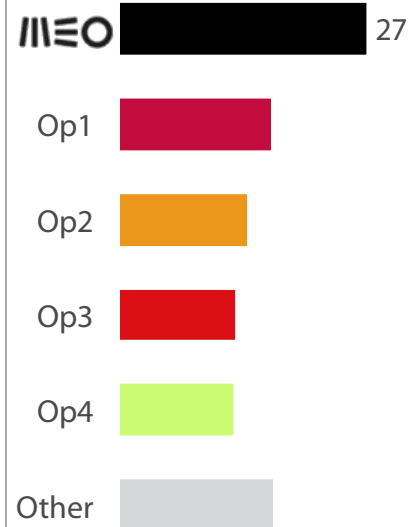
## Top of mind recall in bundled offers

% Average 2013



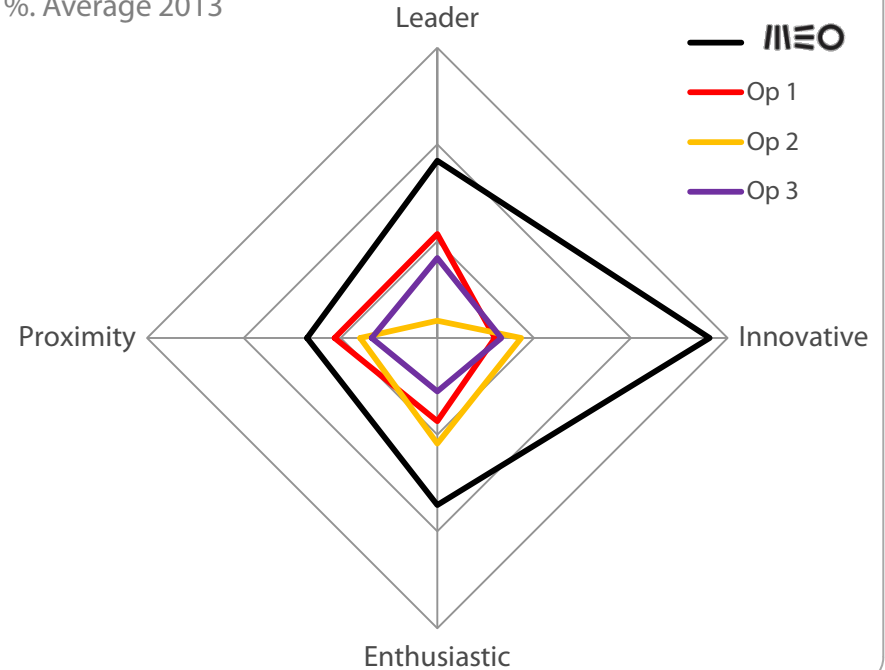
## Trend setter attribute

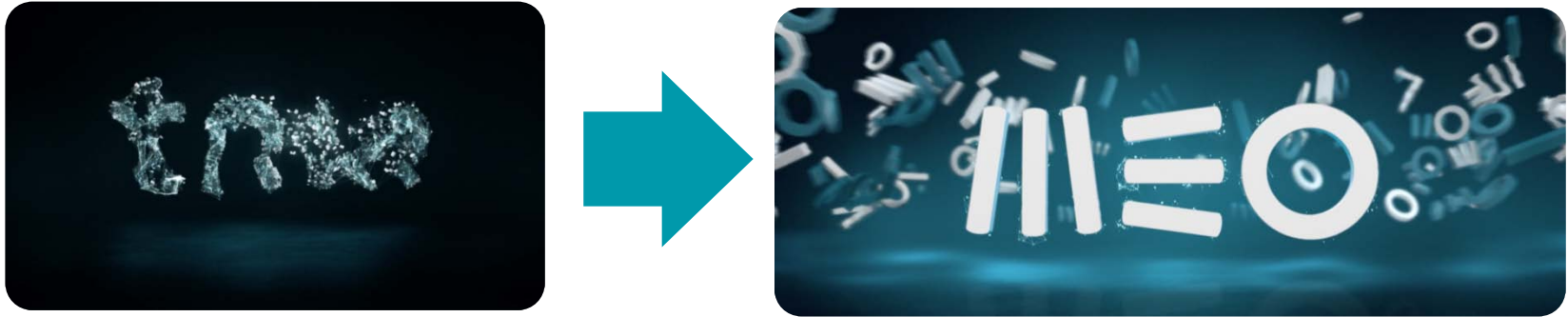
% Average 2013



## Brand attributes

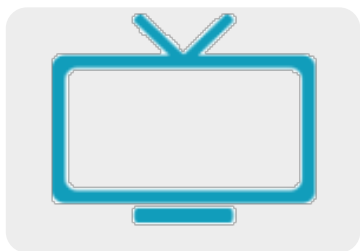
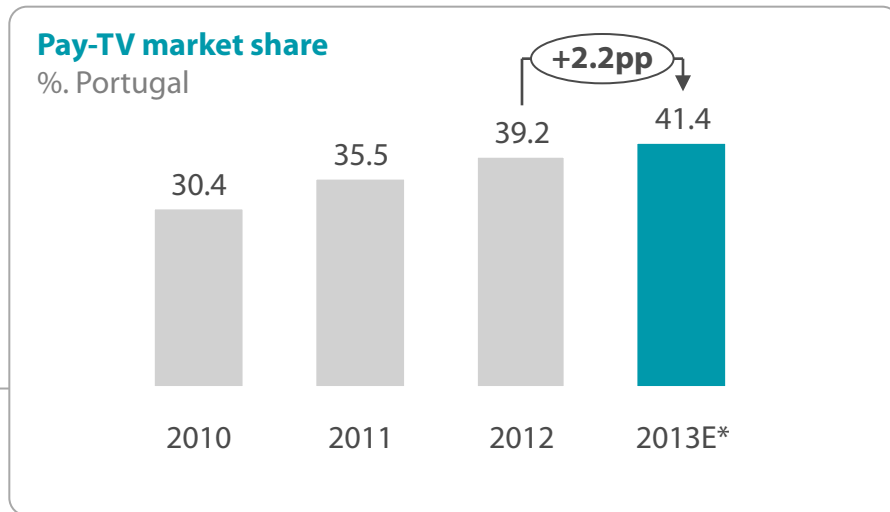
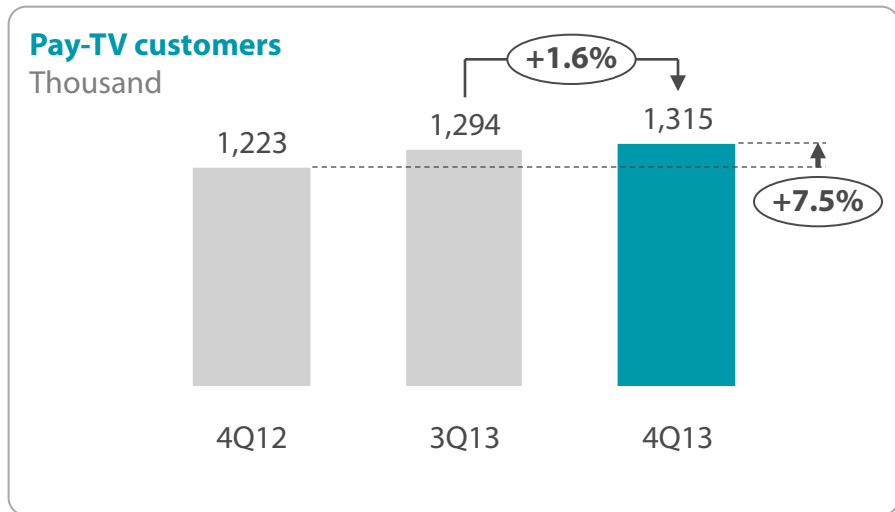
% Average 2013





- **MEO is now PT's brand for the consumer segment**
- **The evolution of TMN to the MEO brand was supported by an ATL campaign carrying the headline "MEO is the other life of TMN", which underlined the continuity of services. The campaign revisited four TMN iconic ads, conveying the messages that only the brand changed, hence customer will keep: the same number, the same payment methods, the same conditions and the same customer support**

## CONTINUED GROWTH IN PAY-TV CUSTOMERS AND MARKET SHARE IN A MATURE MARKET



### Pay-TV penetration

3Q13

**79%**  
(+1pp y.o.y)

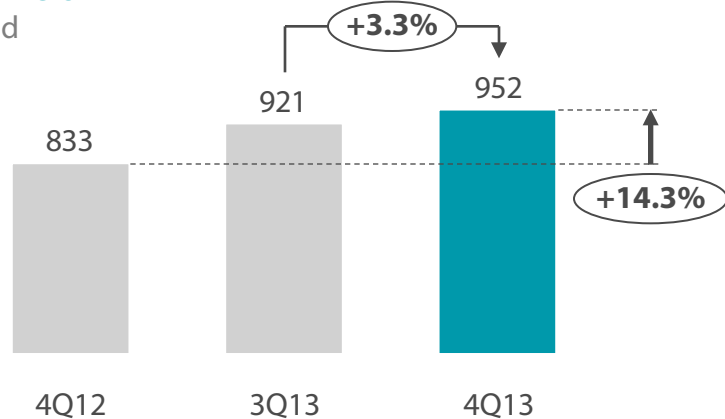
Note: Pay-TV and 3P penetration calculated with Anacom 3Q13 numbers and Primary households in Portugal.

Source: Anacom, INE and Pordata

## SCOPE TO GROW TRIPLE-PLAY PENETRATION

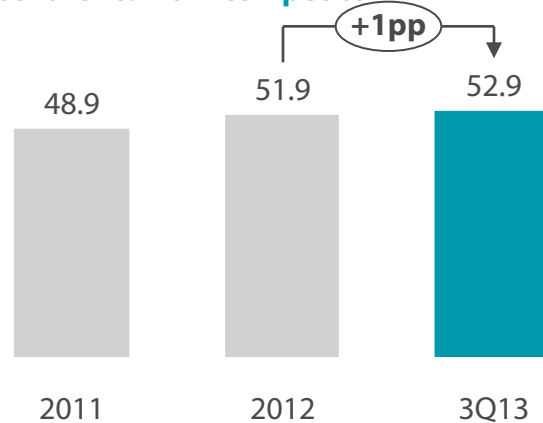
### 3P customers

Thousand



### 3P market share vs. main competitor

%



### PT 3P penetration

4Q13. % in residential unique customers

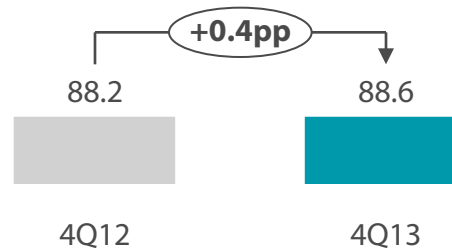
# 45.8%

(+4.7pp y.o.y)



### Residential weight of flat-fees on revenues

%

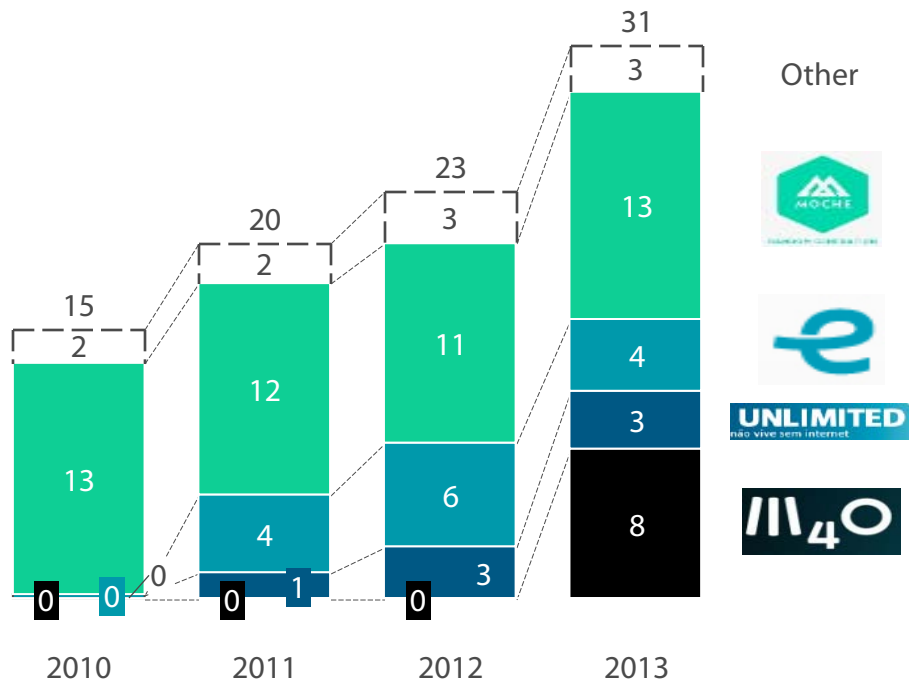




# MOBILITY VALUE PROPOSITION IS ANCHORED ON POSTPAID AND DATA

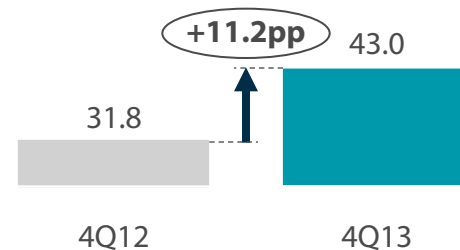
## Flat-fee customers

% of personal segment mobile customers



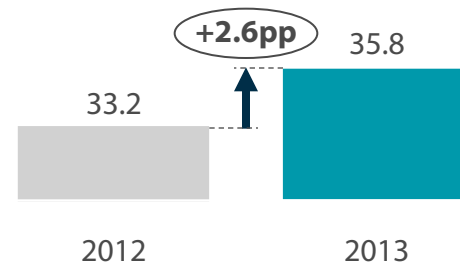
## Percentage of flat-fees in personal customer revenues

%



## Personal data revenues

% of service revenues



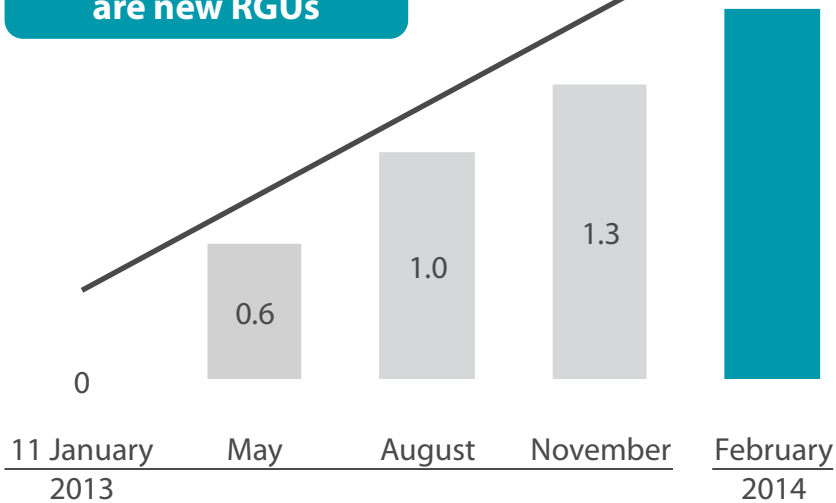
# M<sub>4</sub>O CONTINUES TO BE A MARKED SUCCESS...

## M<sub>4</sub>O RGUs

Million

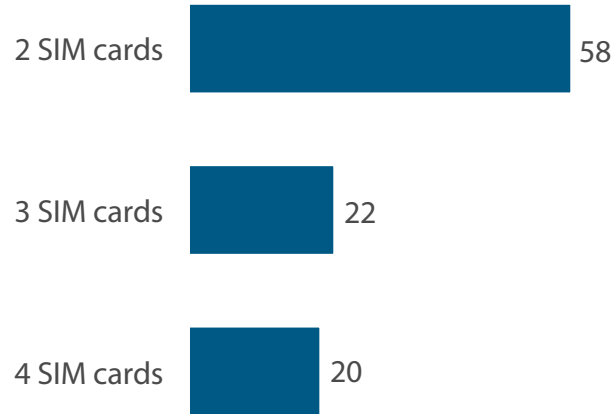
**38% of gross adds are new RGUs**

**1.7 MILLION RGUs**



## M<sub>4</sub>O customers

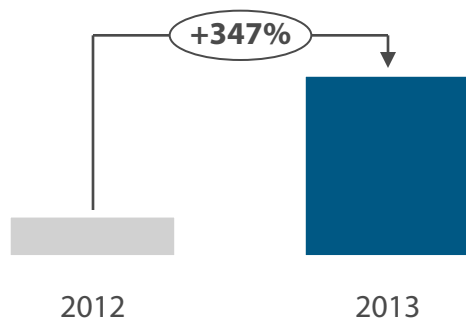
% January 2014



# ...DRIVING MARKET SHARE GAINS IN MOBILITY

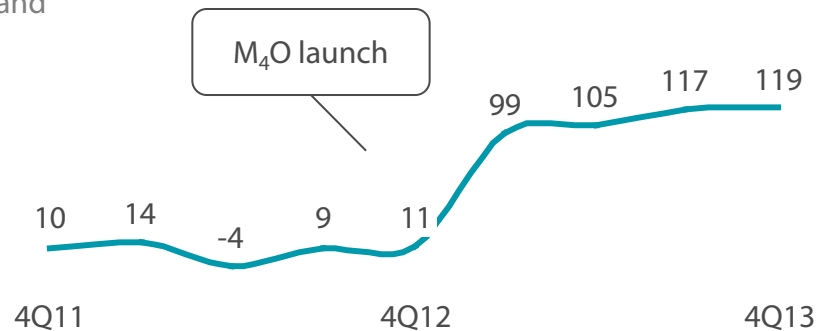
## Portabilities

Indexed



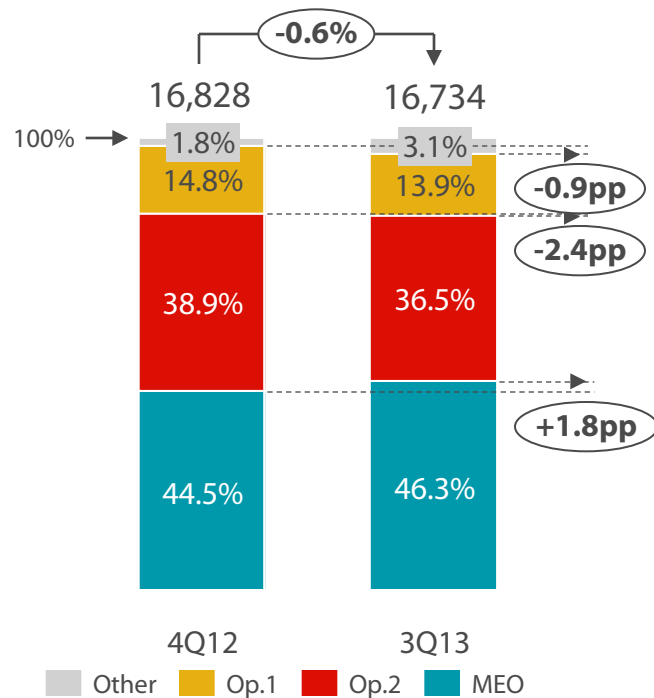
## Postpaid net adds

Thousand



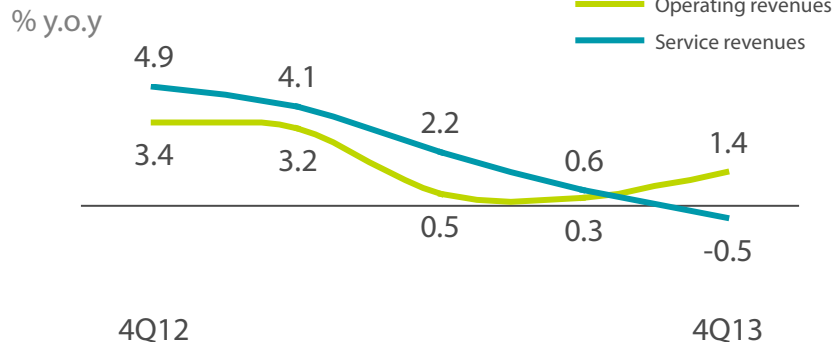
## Active SIM cards and market shares

Thousand. %



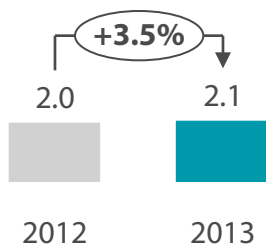
# RECOVERY IN PERSONAL MOBILITY ON THE BACK OF M<sub>4</sub>O WITH STABILISING TRENDS IN RESIDENTIAL...

## Residential revenues



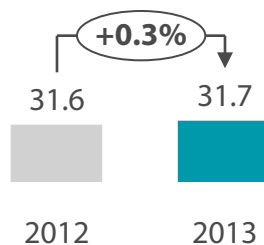
## Residential RGUs per unique customer

Units

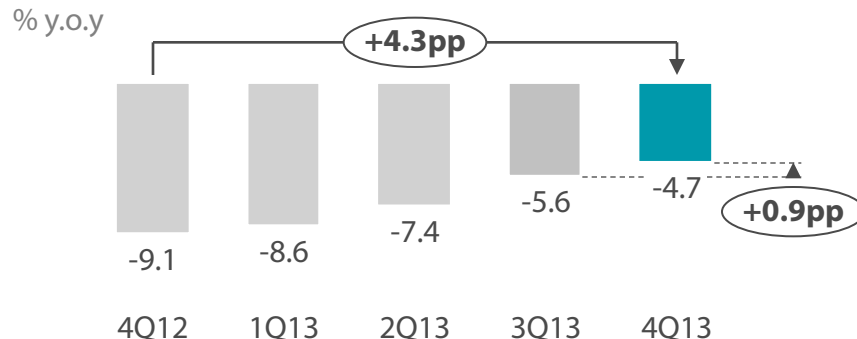


## Residential ARPU

Euro

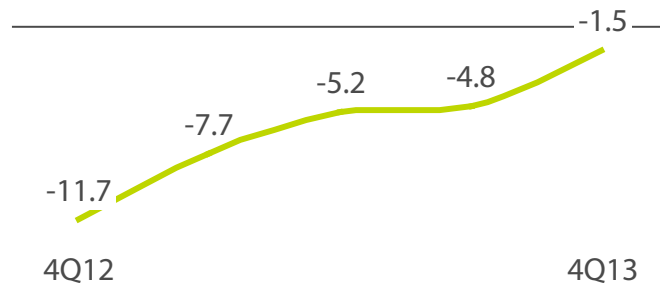


## Personal customer revenues



## Personal revenues

% y.o.y

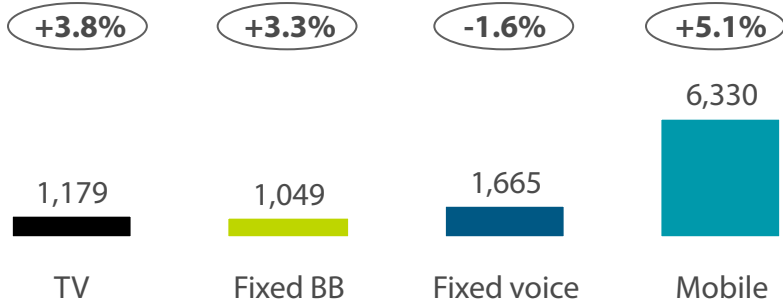


... LEADING TO RESILIENT PERFORMANCE IN CONSUMER REVENUES

○ % y.o.y

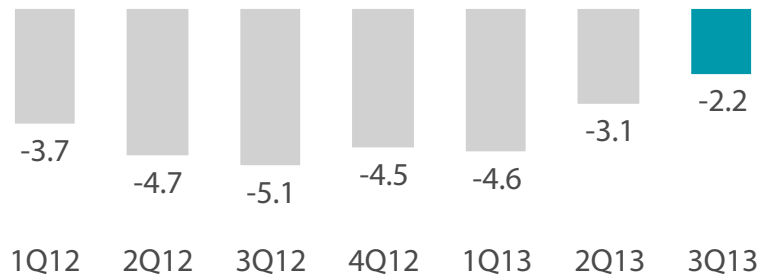
Consumer segment customers

Thousand. 4Q13



Consumer spending\*

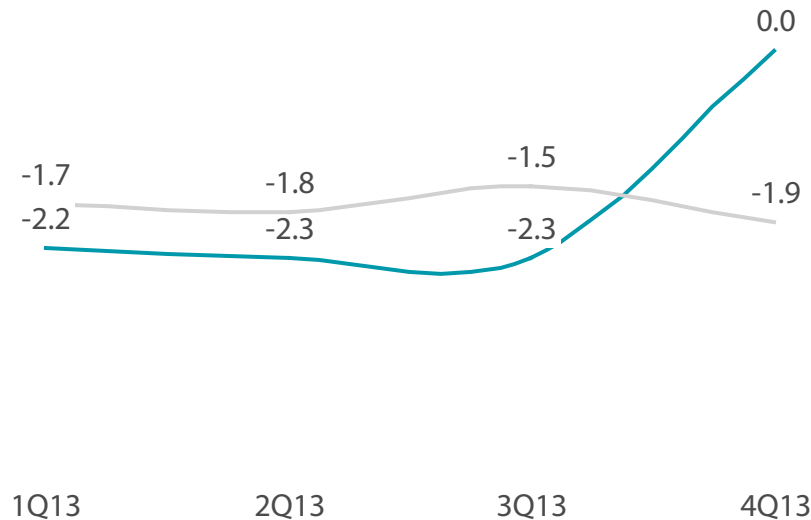
% y.o.y



Consumer segment revenues

% y.o.y

— Operating revenues  
— Customer revenues



\* Consumer spending of non-durable goods and services by resident households  
Source: INE

## BUSINESS PRIORITIES

### Consumer

Explore the convergence opportunity to grow market share based on simplicity, convenience and value-for-money

### Residential

Transformation leveraged on advanced Pay-TV and bundles



### Personal

Move to flat voice and content, explore data opportunity



### Enterprise

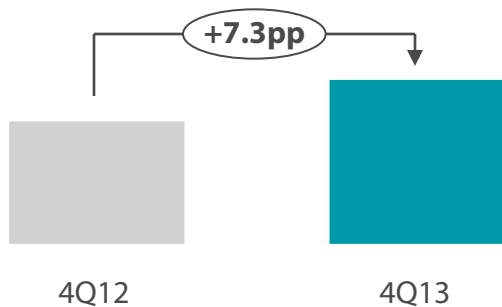
Strengthen convergence and grow penetration of IT/IS services and VAS (Cloud, Outsourcing and BPO) to increase share of wallet



# RGUs IN SMEs POSITIVELY IMPACTED BY M<sub>4</sub>O

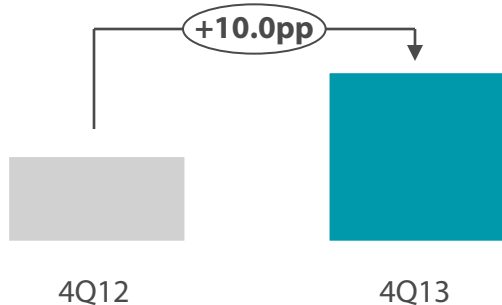
## Pct of customers that subscribe to at least 1 fixed and 1 mobile product

Indexed. SMEs



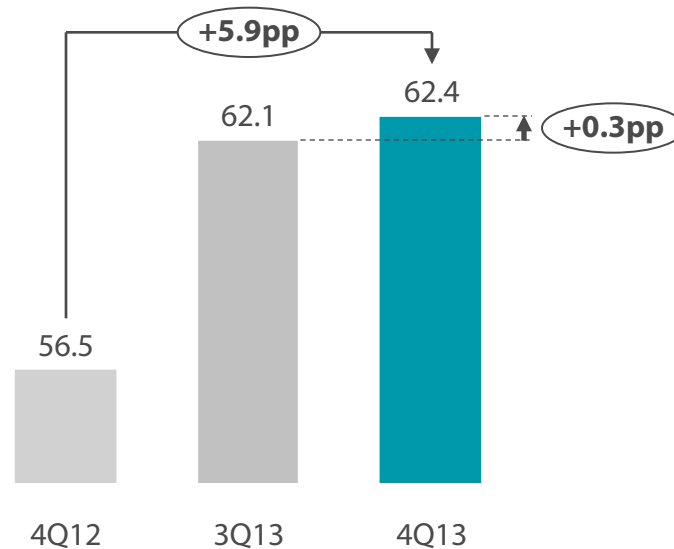
## Pct of customers that subscribe to convergent offers (4P and 5P)

Indexed. SMEs



## Revenue contribution from convergent customers

%. SMEs

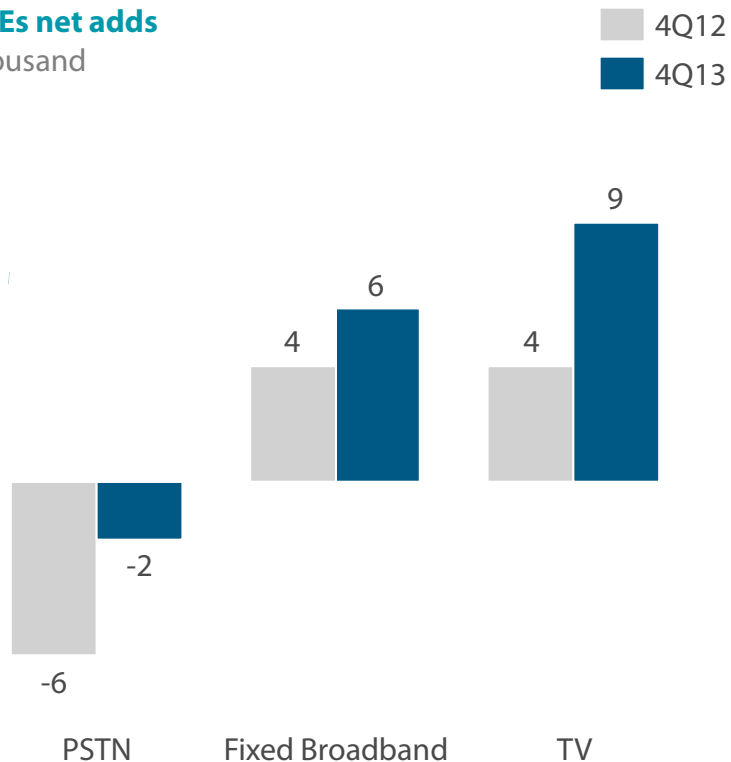


# 4Q13 Results – Portugal Enterprise segment

## LEADING POSITION IN ALL SERVICES

### SMEs net adds

Thousand



### Voice market share – mobile and fixed

%. 3Q13



### Broadband market share – mobile and fixed

%. 3Q13



### TV market share

%. 3Q13





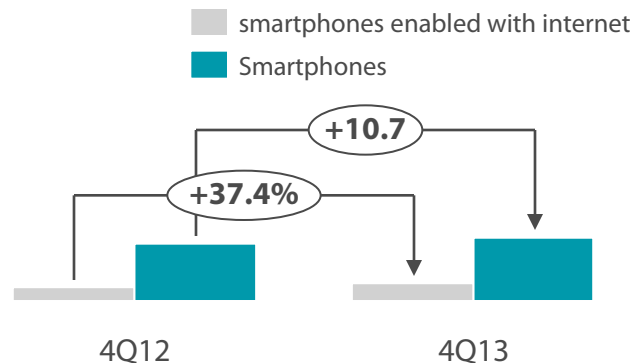
## FOCUS ON CAPTURING NEW SERVICE REVENUES AND DRIVE EFFICIENCY

### Key initiatives - Corporate

- Reinforcement of IT/IS/Cloud strategy: Initial partnerships and contracts established with key customers
- 2013 EuroCloud Portugal award for the SmartCloudPT offer
- Enhancement of M2M offer with launch of Connectivity Managed services
- Unified Communications as a Service (UCaaS), supported on Cisco's Hosted Collaboration Solution (HCS), increases customer's productivity and mobile collaboration assuring their cost control on a pay per user model

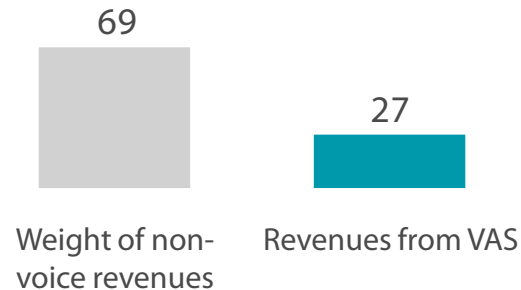
### Smartphones enabled with internet

Indexed



### Contribution of non-voice revenues and revenues from VAS\*

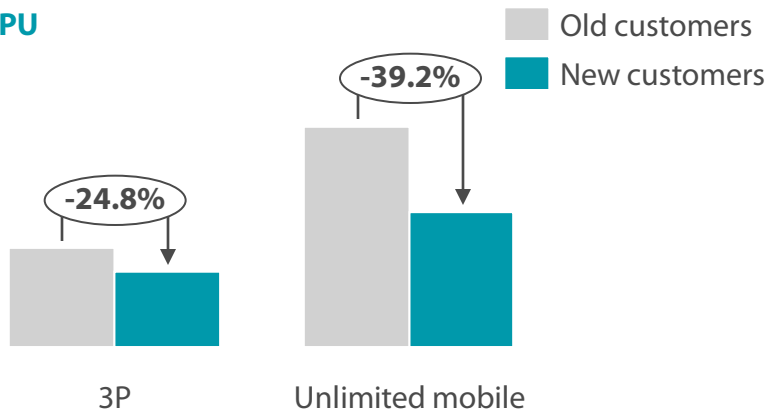
%. 4Q13



# PRICING PRESSURE AS A RESULT OF INCREASED COMPETITION

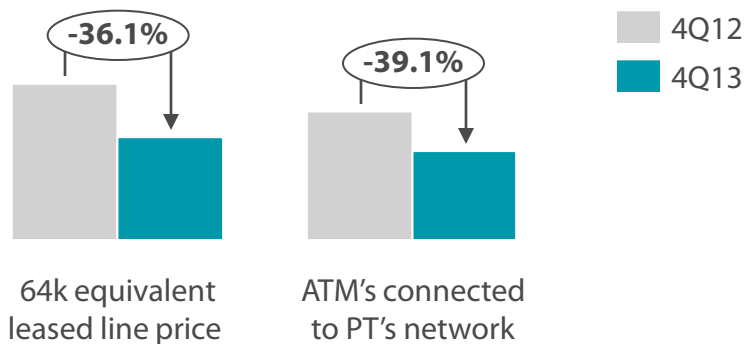
## SMEs ARPU

Indexed



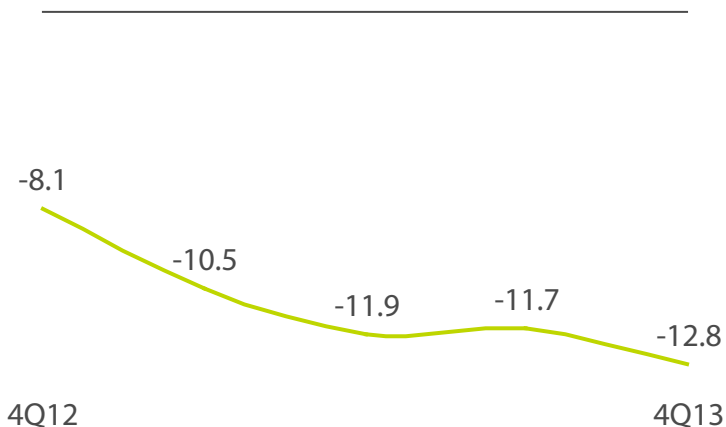
## Corporate - Leased line price and ATM's connected to PT's network

Indexed



## Enterprise segment revenues

% y.o.y



### **Consumer**

Explore the convergence opportunity to grow market share based on simplicity, convenience and value-for-money

#### **Residential**

Transformation leveraged on advanced Pay-TV and bundles



#### **Personal**

Move to flat voice and continue to explore data opportunity



### **Enterprise**

Strengthen convergence and grow penetration of IT/IS services and VAS (Cloud, Outsourcing and BPO) to increase share of wallet



# DELIVERING RESULTS DESPITE MACRO AND PRICING PRESSURE

## Non-voice revenues per segment

% 4Q13

+2.7pp

67.1



Residential

+2.1pp

36.3



Personal

+3.6pp

57.8



Enterprise

+1.6pp

54.0



Portugal

## Flat-fees in Portugal

%

+0.4pp

88.2



4Q12

88.6



4Q13

Residential

+11.2pp

31.8



4Q12

43.0



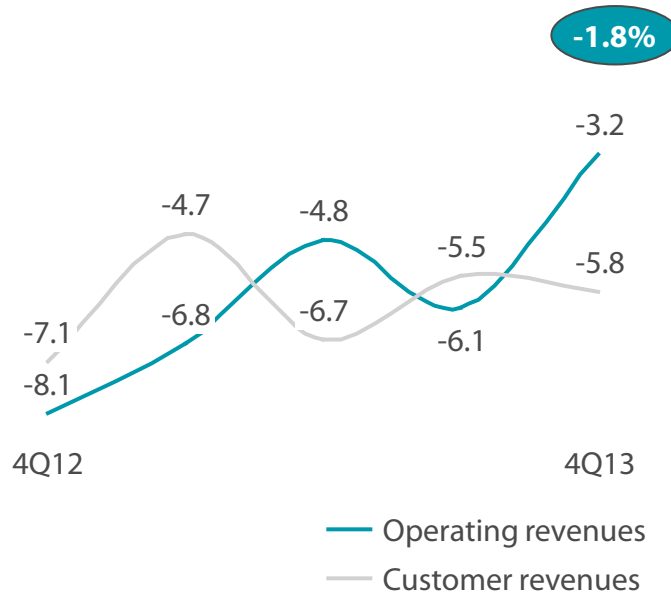
4Q13

Personal

## Portugal revenues

% y.o.y

Ex-regulation



Note: weight of flat-fees in personal segments is calculated with customer revenues

# IN 2014 CAPEX IN PORTUGAL WILL BE DEMAND DRIVEN

○ % y.o.y



- 1.6 million homes passed with fibre
- 94% of base stations connected with fibre



- Leadership in the 4G-LTE development
- Coverage of ~93% of population



- Backbone network with total capacity +97 Tbps and high speed 100 Gbps interfaces

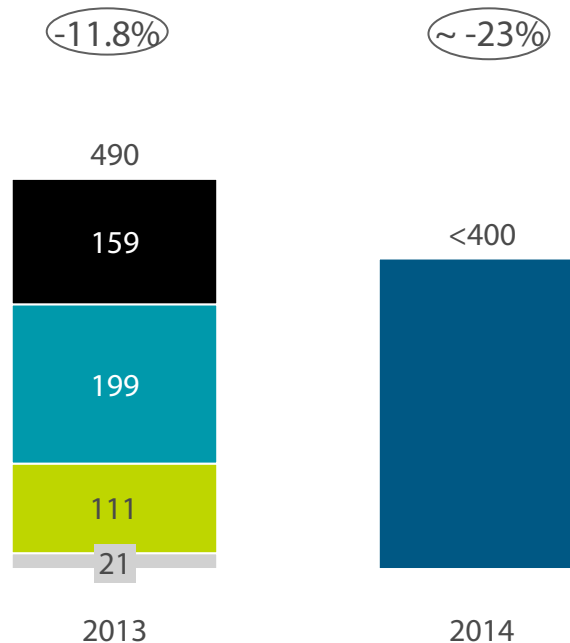


- Investment in a world-class data centre aimed at offering new and differentiated cloud-based services



**Capex**  
Euro million. Portugal

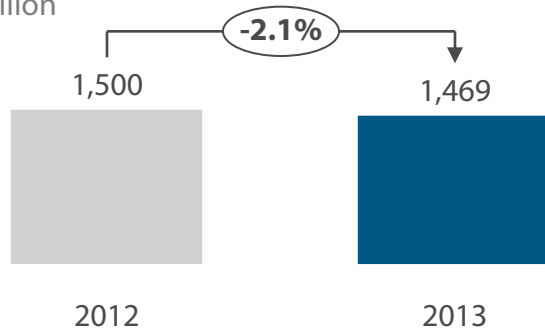
■ Customer   ■ IS/IT  
■ Infrastructure   ■ Other



# CONTINUED FOCUS ON EFFICIENCY IMPROVEMENT AND CASH FLOW GENERATION

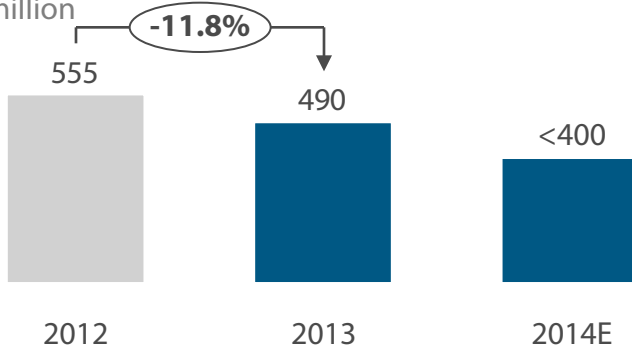
## Opex Portugal excluding D&A and PRBs

Euro million



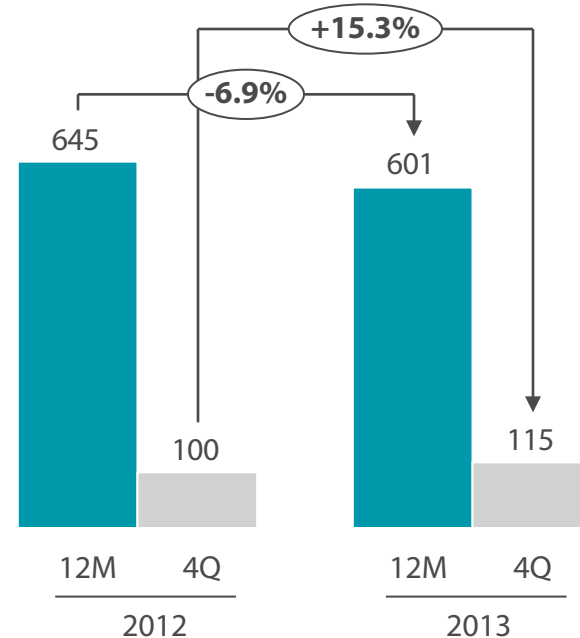
## Capex Portugal

Euro million



## EBITDA - Capex Portugal

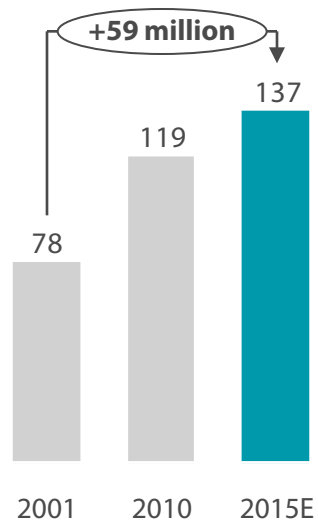
Euro million



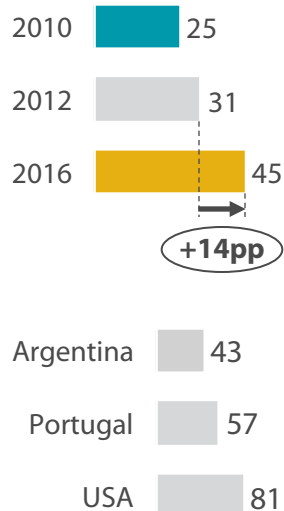
# BRAZIL

# BRAZIL OFFERS SIZEABLE TELECOMS OPPORTUNITY

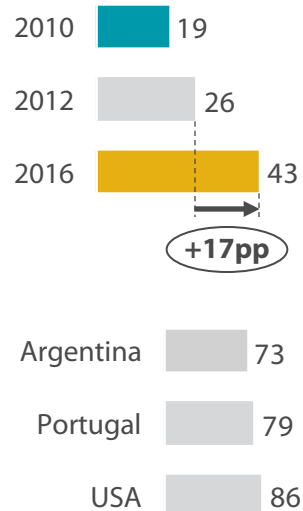
**A, B and C income classes population**  
million



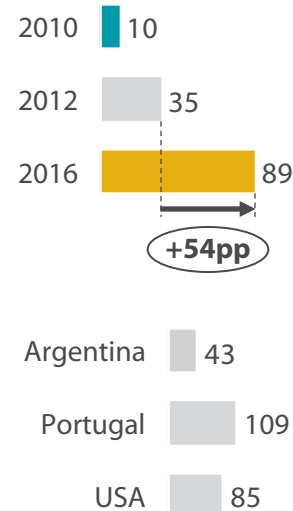
**Broadband penetration**  
% households



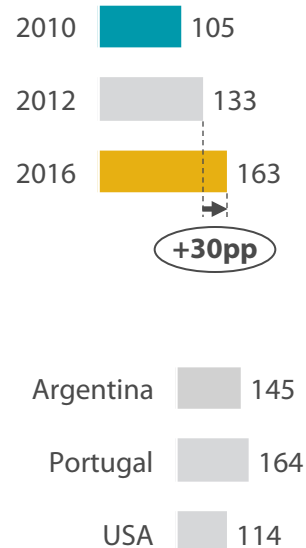
**Pay TV penetration**  
% households



**Mobile Data\* penetration**  
% population



**Mobile voice penetration**  
% population

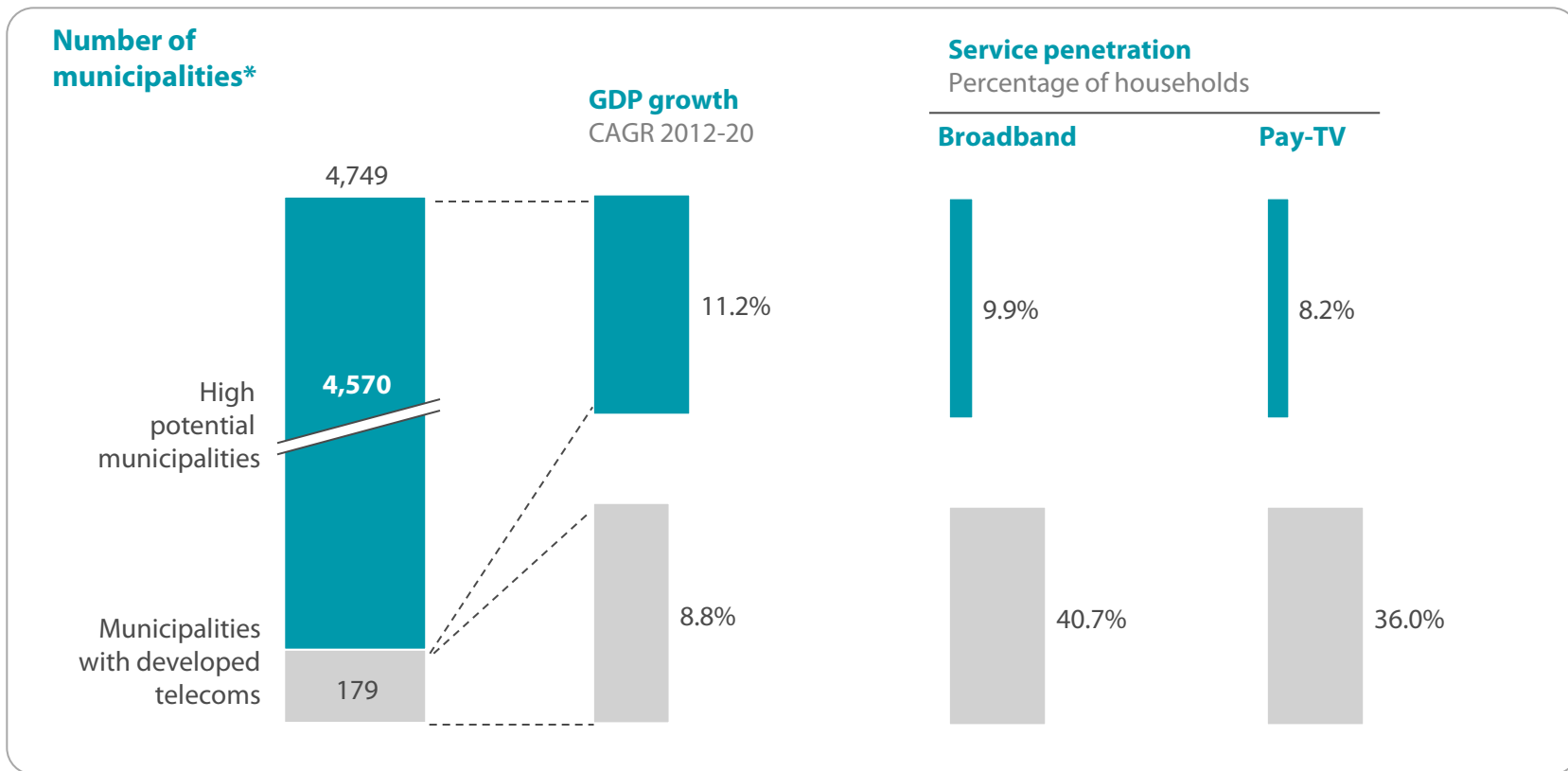


\* Include WCDMA, HSPA, LTE, TD-SCDMA, CDMA2000 EV-Do and WiMax mobile calls

Source: Teleco, Yankee Group; Screen Digest; Pyramid; ANACOM, Pyramid Research; OVUM (Mobile Technology Split Forecast: 2012–17 (August 2012))



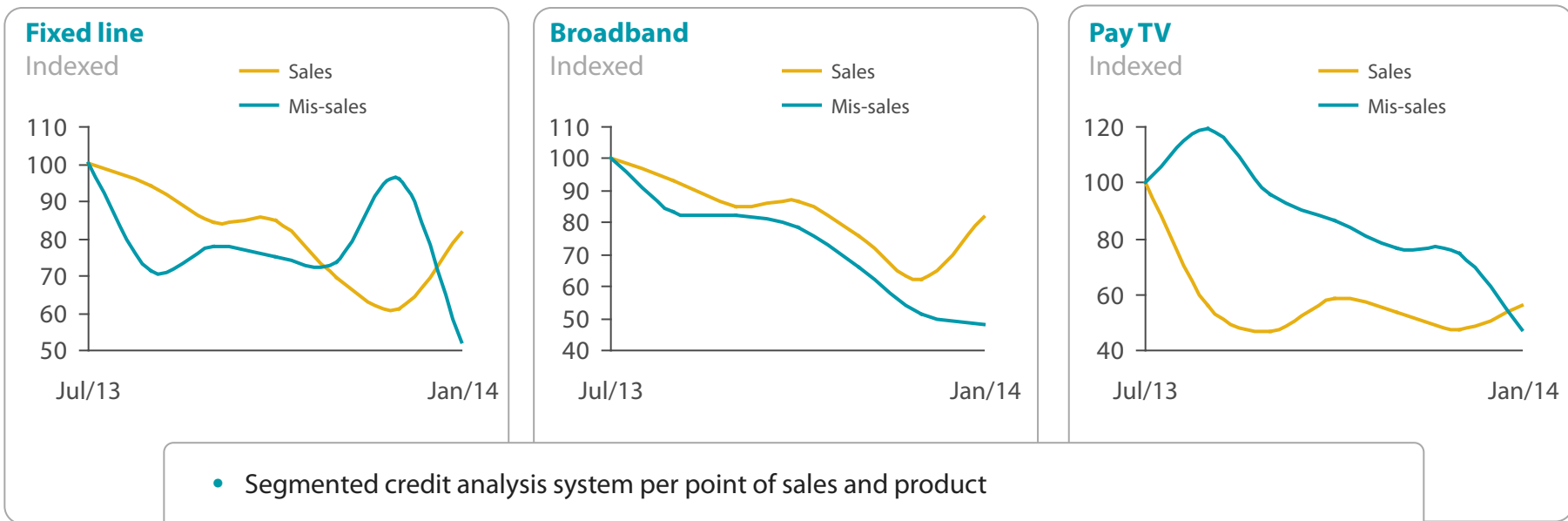
# CONSUMPTION VARIES BY CITY AND THUS A LARGER FOOTPRINT IS REQUIRED TO TAP GROWTH



Data base: August/13 \* Region 1 and 2

Source: MCM Consultores , CityNav Brasil, IBGE, CityNav Brasil and Oi analysis

## CONSUMER QUALITY DRIVES VALUE AND SALES ARE IMPROVING



- Segmented credit analysis system per point of sales and product
- Tighter control of IT systems
- Improved monitoring of sales channels
- Audit of points of sales

# GROWING PENETRATION OF DOUBLE AND TRIPLE PLAY

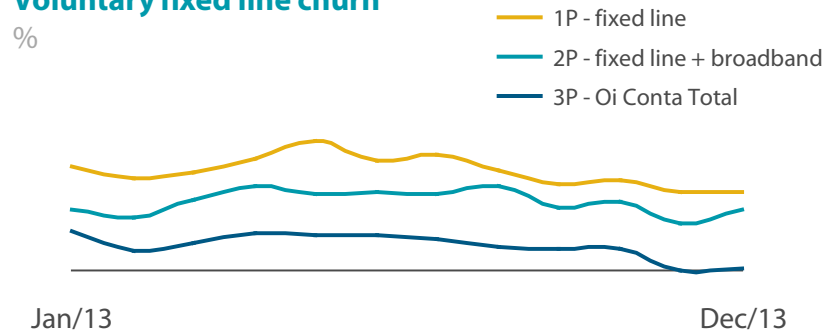
## Households with more than 1P

%



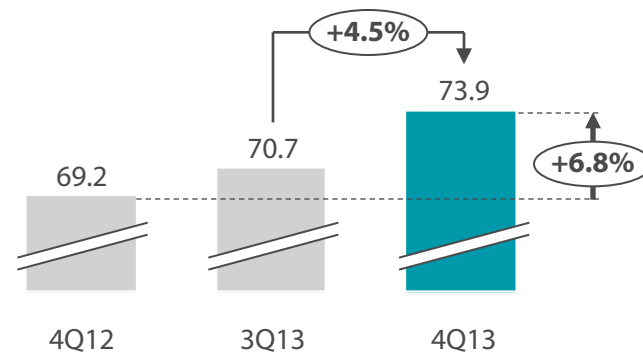
## Voluntary fixed line churn

%



## ARPU

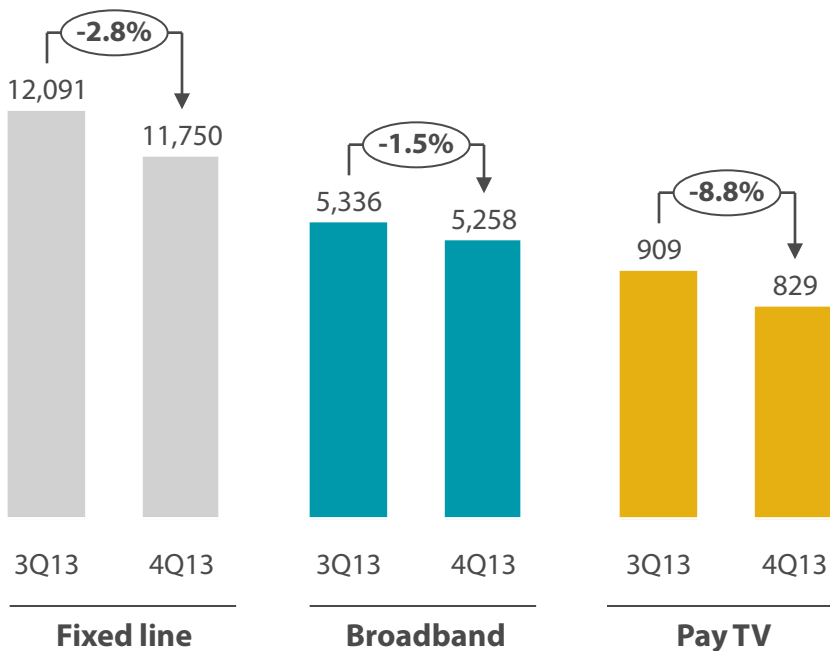
R\$



# FOCUS ON IMPROVING PROCESSES AND QUALITY OF CONTRACT CUSTOMERS

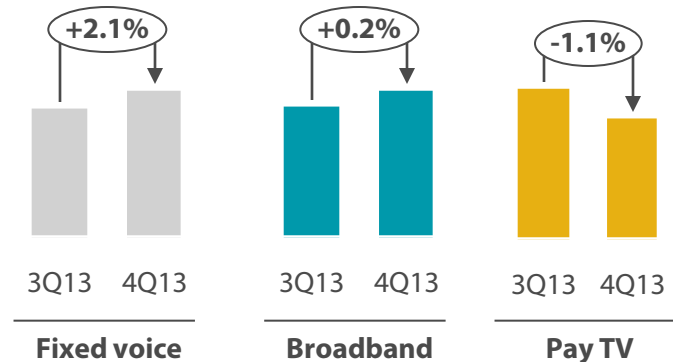
## RGUs

thousand



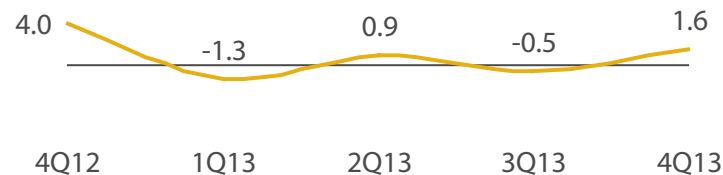
## Revenue

Indexed



## Residential revenues

% q.o.q

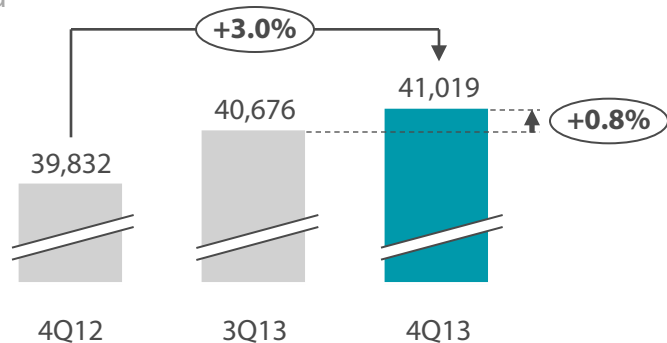


# PREPAID CONTINUES TO DRIVE GROWTH, WITH RECORD RECHARGES IN 4Q13

- Launch of new prepaid plans
- Active campaign management directs promotions to stimulate recharges
- Consistent clean up of customer base to improve profitability

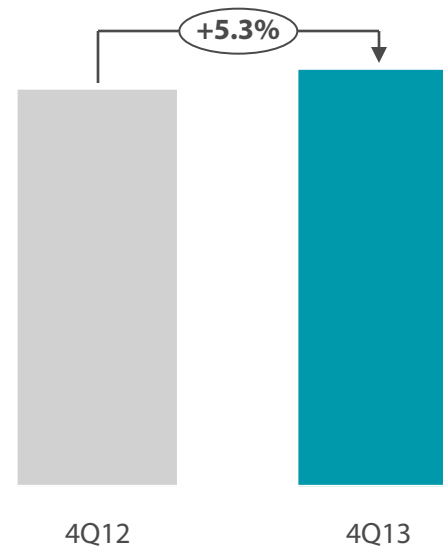
### Prepaid RGUs

Thousand



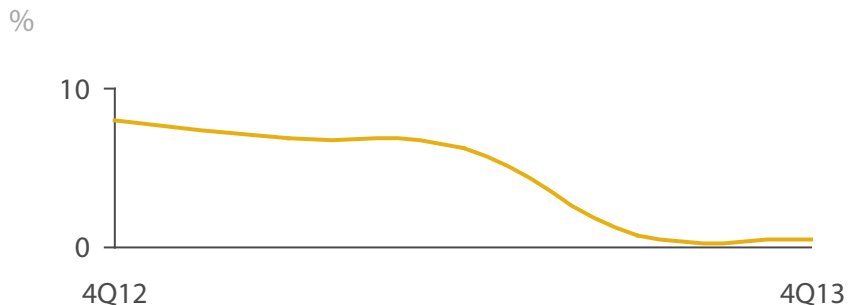
### Recharges

Indexed

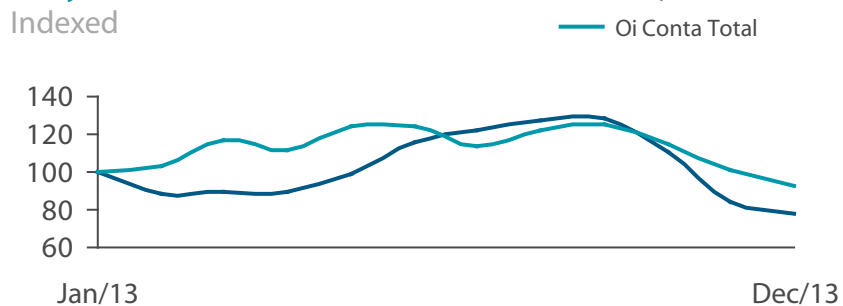


## FOCUS ON IMPROVING QUALITY OF CUSTOMERS AND AT REDUCING CHURN AND IMPROVING ARPU

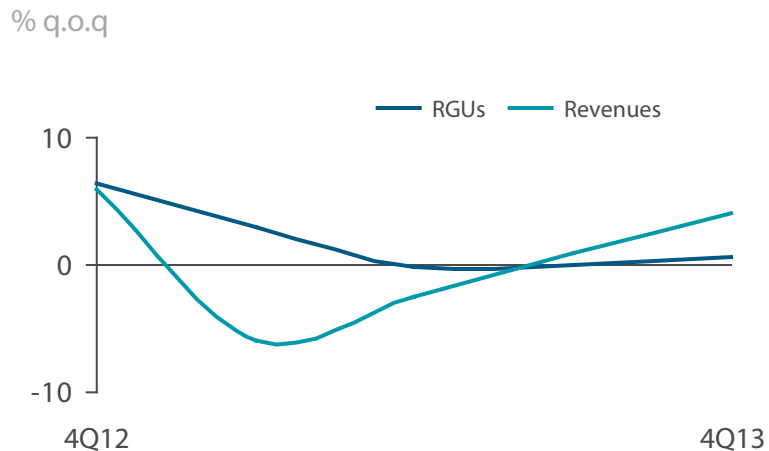
### Percentage of sales with handset subsidy



### Early churn\*



### Postpaid RGUs and service revenues

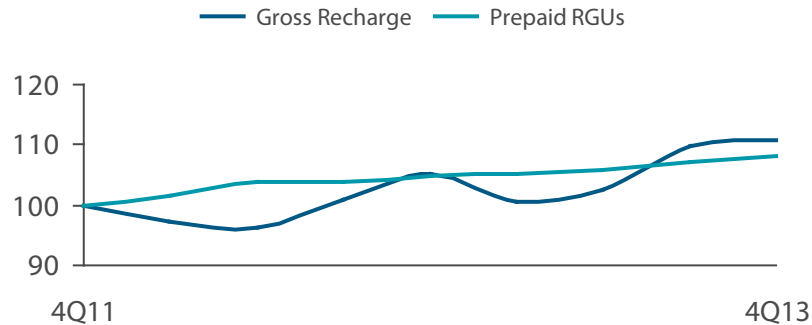


\*Until 120 days

# PREPAID RECHARGES AND DATA CONTINUE TO UNDERPIN GROWTH

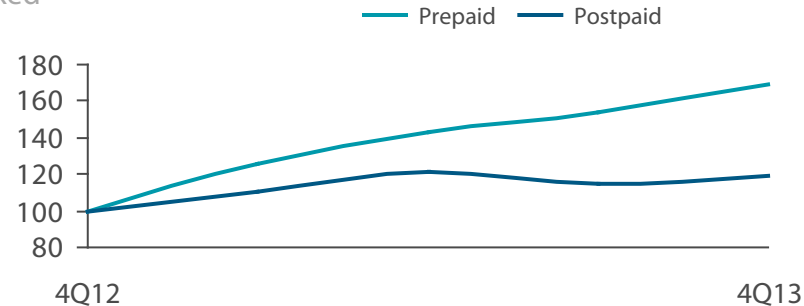
## Gross recharges vs. prepaid customer base

Indexed



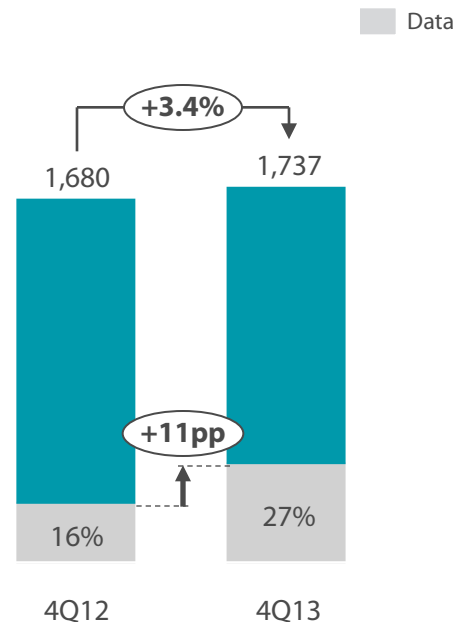
## Percentage of ARPU with data revenues

Indexed



## Personal mobility service / customer revenue\*

R\$ million

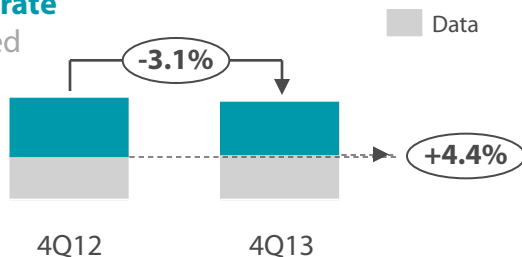


\*Includes subscriptions, outgoing calls, mobile long distance, roaming, data and value added

# FOCUS ON IMPROVING PERFORMANCE THROUGH CUSTOMER AND NEW SERVICES GROWTH

## Corporate

Indexed



- Leading operator in data centre services
- Data should continue to drive future growth
- Explore new segments of the market to enhance leadership in high growth areas

## SMEs

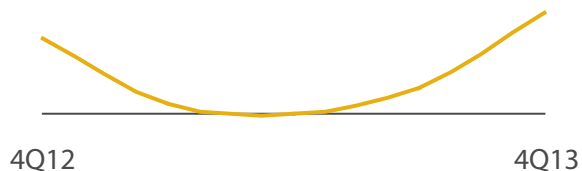
Indexed



- Focusing on improving quality of sales, adjusting portfolio, developing competitive offers and building strong sales channels

## Wholesale

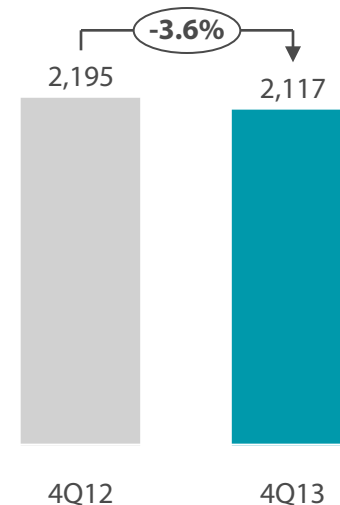
Indexed



- Performance reflecting favourable settlement agreements in 4Q13

## Corporate / SME

R\$ million

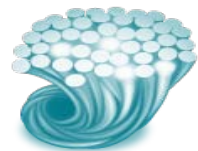




# OPTIMISING NETWORK COST THROUGH SUPPLIER CONSOLIDATION...



- “Pay as you go” model (Users, Capacity)
- Increase of 3G coverage, using existing 2G sites
- Migration of voice from 2G to 3G and expansion of offload Wi-fi capacity

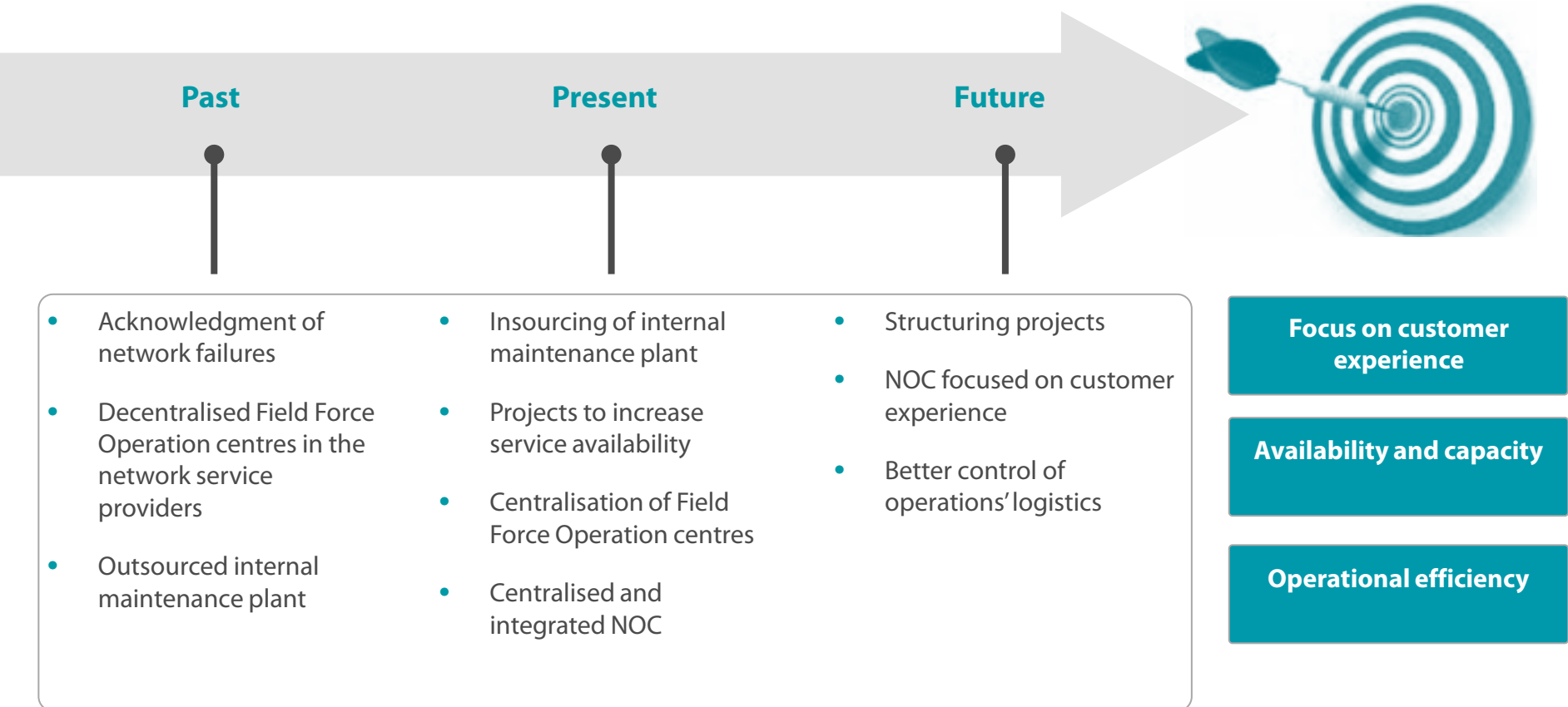


- Modernisation of legacy networks including equipment swap
- Core Backbone Optical Network / IP to 100Gbps
- GPON solutions for the B2B customer service



- Renegotiation of O&M contracts
- Rationalisation of suppliers (single supplier 2G/3G/4G per site)
- Increased sharing synergies (Infrastructure, RAN, Backhaul)
- Consolidation of Service Platforms and OSS / IMS fixed-mobile convergence

# RETHINKING THE DESIGN OF NETWORK OPERATIONS



# IMPLEMENTING A FIELD FORCE TRANSFORMATION PROGRAMME

### Overview

#### Oi Field Force



- Oi operates one of the biggest field forces in the world
- Field force concentrated in two service providers (SP's)
- Significant potential to boost productivity and quality of service
- Gap between SP's management tools and best practices in the market place.

#### Brazilian SP's



- A small number of SP available
- Financial constraints
- Complex labour market
- Performance standards offering upside potential
- Focus on service internalisation

### Areas of transformation programme that are currently being addressed

1

**Management tools – Work Force Management (Click)**

2

**Field Force core functions internalisation, cost reduction and retention of technological knowledge**

3

**Promote competition between Service Providers to improve performance**

4

**E2E process reengineering to boost productivity and reduce costs**

# IT TRANSFORMATION ALIGNED WITH COMPANY'S BUSINESS MODEL AND PRIORITIES

### Short term initiatives



Optimise existing applications, processes and infrastructure with a focus on productivity of software factories and operational teams:

- Conducting **productivity benchmarks**
- **Working with suppliers** to identify areas for **joint improvement and synergies**
- **Reorganisation** of internal teams and processes

### Longer term initiatives



Transform the existing IT architecture to be a **convergence enabler**:

- Consolidate existing “application silos” into an application architecture to **Converge, Standardise, Integrate and Simplify** business processes and development of products and services
- **Improve time to market** by adopting more flexible and business user configurable solutions

# DIGITAL PLATFORMS IMPROVE ENGAGEMENT AND QUALITY IN CUSTOMER INTERACTION AND REDUCE COSTS

### Customer care and self-care

- Technology
- Processes
- Attendants / Humanisation
- Improvement of self-care functionality

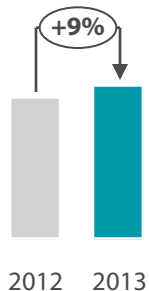
#### Repeated calls

Indexed. In the next 24h



#### Satisfaction

Indexed

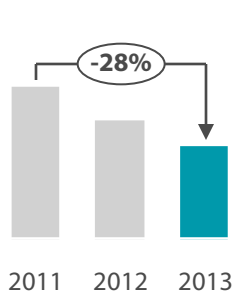


### Customer experience

- Problems correctly targeted
- Anatel and rate programme
- Care of billing
- Quality check-list
- Speech Analytics

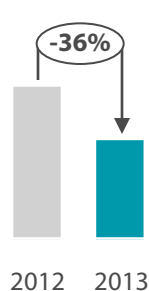
#### Contact Rate

Indexed



#### Complaints

Indexed

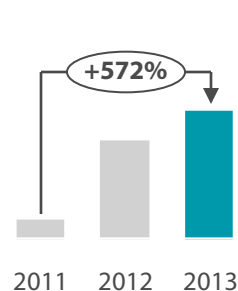


### Digital relationship

- Unique platform: customer and product
- Mobile Care
- Online sales

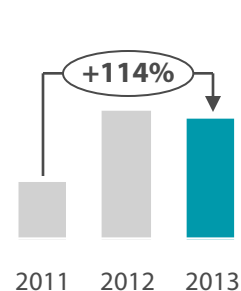
#### Self-care

Indexed. Online



#### Online sales

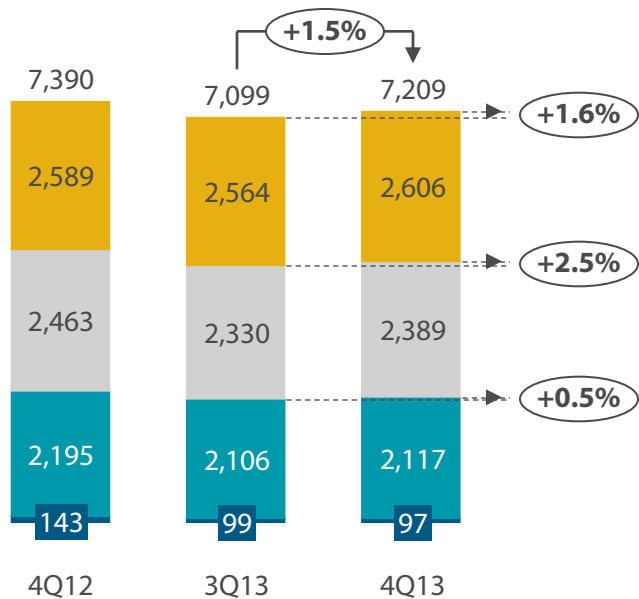
Indexed. Revenue



## QoQ IMPROVEMENT ACROSS ALL CUSTOMER SEGMENTS

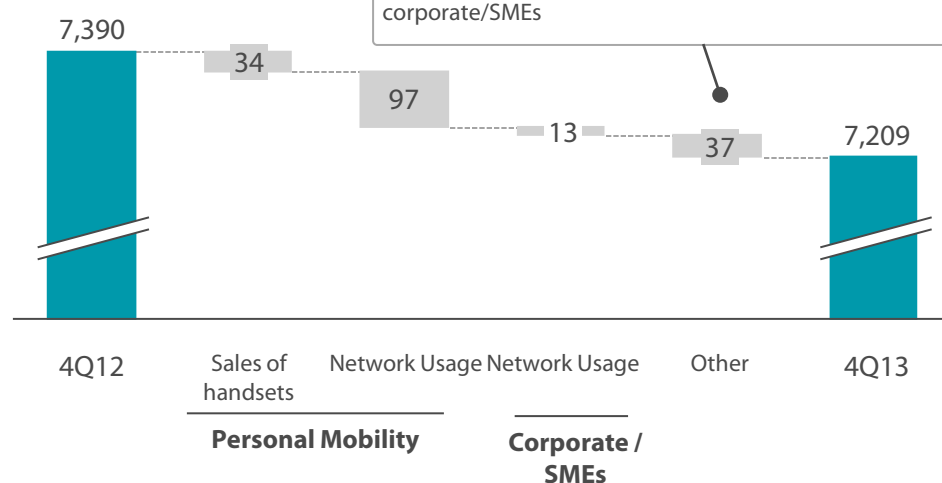
### Net revenue

R\$ million



### Net revenue

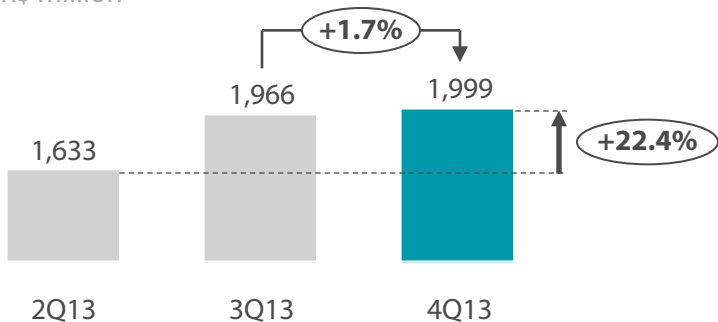
R\$ million



## FURTHER PROGRESS TOWARDS CHANGING THE CASH FLOW PROFILE

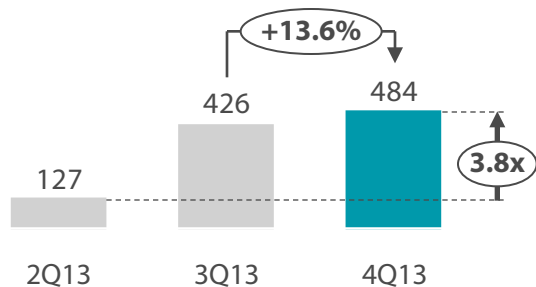
### Routine EBITDA

R\$ million



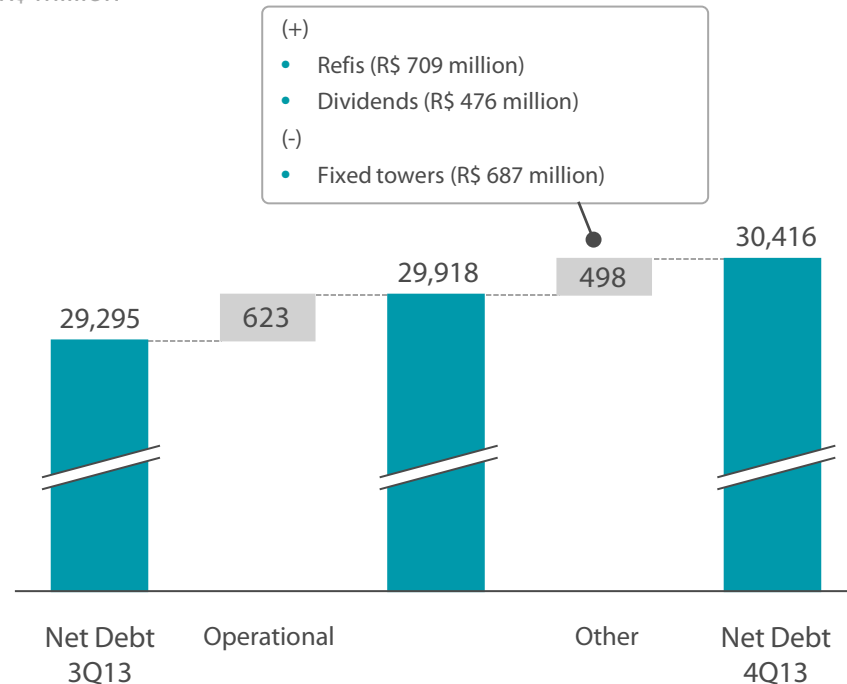
### Routine EBITDA - CAPEX

R\$ million



### Net debt variation

R\$ million



WRAP  
UP



# WRAP UP

- **Early investments in technology and innovation in Portugal enabling robust operational and financial performance**
  - Improving revenue trends driven by B2C, notwithstanding pricing in triple-play
  - Pricing pressure in enterprise delaying recovery
  - Opex and Capex control driving OPCF performance
  - Capex going forward will be demand driven
  
- **Brazil showing early signs of operational and financial improvement**
  - Improvement in quality of sales and churn
  - Investments being deployed in a smart way
  - Financial discipline supporting the change of cash flow profile
  - Flat net debt on the back of higher EBITDA and lower non-operational items
  
- **FX and non-recurrent items with significant impact on net income**
  - FX and non-recurrent items impacting net income



**For further information:**

**Nuno Vieira** | Investor Relations Director  
+351 21 500 1701 | [nuno.t.vieira@telecom.pt](mailto:nuno.t.vieira@telecom.pt)  
[ir.telecom.pt](http://ir.telecom.pt) | [www.telecom.pt](http://www.telecom.pt)