PORTUGAL TELECOM SGPS SA
Form 6-K
December 05, 2012
Table of Contents

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of the

Securities Exchange Act of 1934

For the month of November 2012

Commission File Number 1-13758

PORTUGAL TELECOM, SGPS, S.A.

(Exact name of registrant as specified in its charter)

Av. Fontes Pereira de Melo, 40
1069 - 300 Lisboa, Portugal

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F x   Form 40-F o

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o   No x

Table of Contents

Portugal Telecom

Consolidated Report

First Nine Months 2012

Table of Contents

Portugal Telecom

Consolidated report

First nine months 2012

The terms PT , Portugal Telecom Group , PT Group , Group and Company refer to Portugal Telecom and its subsidiaries or any of them as the context.

Table of Contents

Portugal Telecom

Telecommunications in Portugal

Customer segment (Euro million)		Revenues
Residential		534
Personal	> PT Comunicações 100%	517
Enterprise	> TMN 100%	671
Other		318

Telecommunications in Brazil

Customer segment		Revenues (R$ million, 100%)
Residential		7,385
Personal	> Oi 25.6%	6,640
Enterprise		6,315
Other		412

Other telecommunications businesses

			Revenues (Euro million, 100%)
Unitel 25% (a)(b)	> Angola	> Mobile	1,141
CTM 28% (b)	> Macao	> Wireline, mobile	353
MTC 34% (a)	> Namibia	> Mobile	134
CVT 40% (a)	> Cape Verde	> Wireline, mobile	59
Timor Telecom 41%	> East Timor	> Wireline, mobile	41
CST 51% (a)	> São Tomé e Príncipe	> Wireline, mobile	9

(a) These stakes are held by Africatel, which is controlled 75% by PT. (b) These stakes are consolidated by the equity method of accounting.

Other businesses

Systems and IT [PT Sistemas de Informação 100%]; Innovation, research and development [PT Inovação 100%];

Backoffice and shared services [PT PRO 100%]; Procurement [PT Compras 100%];

Call centres and telemarketing services [Contax in Brazil 44.4% and PT Contact 100%];

Table of Contents

01

Financial review

Consolidated income statement

Consolidated income statement (1) **Euro million**

	9M12	9M11	y.o.y
Operating revenues	**4,983.9**	**4,415.8**	**12.9%**
Portugal (2)	2,040.2	2,173.6	(6.1)%
Residential	534.0	510.5	4.6%
Personal	517.2	574.8	(10.0)%
Enterprise	670.6	737.0	(9.0)%
Wholesale, other and eliminations	318.3	351.3	(9.4)%
Brazil • Oi	2,295.5	1,633.7	40.5%
Other and eliminations	648.2	608.5	6.5%
Operating costs (3)	**3,255.1**	**2,761.8**	**17.9%**
Wages and salaries	831.1	743.3	11.8%
Direct costs	828.3	716.2	15.7%
Commercial costs	413.4	351.4	17.6%
Other operating costs	1,182.3	950.9	24.3%
EBITDA (4)	**1,728.8**	**1,654.0**	**4.5%**
Post retirement benefits	42.7	40.6	5.1%
Depreciation and amortisation	1,037.7	944.1	9.9%
Income from operations (5)	**648.4**	**669.3**	**(3.1)%**
Other expenses (income)	**(4.9)**	**24.3**	**n.m.**
Curtailment costs, net	1.9	6.3	(69.3)%
Net losses (gains) on disposal of fixed assets	2.1	(0.0)	n.m.
Net other costs (gains)	(8.9)	18.0	n.m.
Income before financ. & inc. taxes	**653.3**	**645.0**	**1.3%**
Financial expenses (income)	**277.0**	**116.9**	**137.0%**
Net interest expenses (income)	368.6	199.4	84.8%
Equity in earnings of affiliates, net	(160.4)	(169.1)	(5.1)%
Net other financial losses (gains)	68.8	86.5	(20.5)%
Income before income taxes	**376.3**	**528.2**	**(28.8)%**
Provision for income taxes	(115.7)	(143.9)	(19.6)%
Income before non-controlling interests	**260.6**	**384.3**	**(32.2)%**
Losses (income) attributable to non-controlling interests	(71.7)	(82.8)	(13.4)%
Consolidated net income	**188.9**	**301.5**	**(37.3)%**

(1) Following PT s strategic investment in Oi and Contax on 28 March 2011, PT proportionally consolidated the earnings of these businesses as from 1 April 2011. **(2)** Businesses in Portugal include wireline and TMN. This caption includes the impact of the decline in regulated mobile termination rates (MTRs). **(3)** Operating costs = wages and salaries + direct costs + commercial costs + other operating costs. **(4)** EBITDA = income from operations + post retirement benefits + depreciation and amortisation. **(5)** Income from operations = income before financials and income taxes + curtailment costs + losses (gains) on disposal of fixed assets + other costs (gains).

Consolidated operating revenues

In 9M12, consolidated operating revenues increased by Euro 568 million to Euro 4,984 million (+12.9% y.o.y). This increase is primarily related to the impact of the proportional consolidation of Oi and Contax in 1Q12, as the earnings of these businesses were proportionally consolidated as from 1 April 2011, and is partially offset by the contribution of Dedic/GPTI in 1H11, as this business was fully consolidated up to 30 June 2011 and then integrated in Contax following the completion of the exchange of PT s interest in this business for an addition stake in Contax. Excluding the impact of these changes in the consolidation perimeter, amounting to Euro 802 million, and also the impact of the depreciation of the Brazilian Real against the Euro (Euro 178 million),

Table of Contents

consolidated operating revenues would have decreased by only 1.3% y.o.y to Euro 4,226 million in 9M12. This decrease was the result of revenue decline in Portuguese telecommunications businesses (Euro 133 million), notwithstanding a higher contribution from Oi (Euro 27 million) and revenue growth in international operations, namely Contax (Euro 10 million), MTC in Namibia (Euro 16 million), Timor Telecom (Euro 7 million) and CVT in Cape Verde (Euro 2 million).

In 9M12, revenues from Portuguese telecommunications businesses decreased by 6.1% y.o.y (Euro 133 million), primarily due to: (1) revenue decline in the Enterprise customer segment (Euro 66 million, -9.0% y.o.y), impacted by strong cost cutting initiatives by the public administration and large corporates, a significant reduction in investments in new projects by public administration and pricing and consumption pressure on both SME and large corporates, and (2) the decline in the Personal customer segment (Euro 58 million), as a result of lower customer revenues (Euro 43 million), reflecting challenging and deteriorating economic conditions and pricing pressure, due to an aggressive competitive environment, namely in voice and wireless broadband, and lower interconnection revenues (Euro 14 million) following the regulated tariff declines, that declined to Euro 2.77 cents as from 7 May 2012, to Euro 2.27 cents as from 30 June 2012 and to Euro 1.77 cents as from 30 September. The total direct impact of regulation in revenues amounted to Euro 23 million in 9M12, including declining MTRs and roaming prices. Excluding the impact of regulation, revenues in Portuguese telecommunications businesses would have declined by 5.1% y.o.y. These negative effects were partially offset by an increase in revenues from Residential customer segment, from Euro 510 million in 9M11 to Euro 534 million in 9M12 (+4.6% y.o.y). This solid growth was achieved on the back of the continued strong performance of Meo triple-play offer (voice, broadband and pay-TV) and benefiting from a relentless effort to transform PT s residential service offering from a legacy fixed telephone to a triple play offering, which is highly differentiated and more competitive and also more resilient to unfavourable economic conditions. In 9M12, non-voice revenues in Portugal represented 50.8% of service revenues, having grown 4.7pp y.o.y. The transformation of PT s portfolio of products and services offered to its customers and the associated changes in the revenue mix is making its performance more resilient and predictable. Other revenues in the Portuguese telecommunications businesses, including wholesale, decreased by 9.4% y.o.y (Euro 33 million), as a result of lower accesses and traffic revenues and revenue decline in public phones (Euro 2 million) and in the directories business (Euro 9 million). As at 30 September 2012, PT had a financial investment of 25% in the directories business, which was managed by Truvo.

In 9M12, Oi s revenues stood at Euro 2,296 million (R$ 5,637 million) compared to Euro 1,634 million in 9M11. This increase reflects the effect of the proportional consolidation in 1Q12 (Euro 788 million), partially offset by the impact of the depreciation of the Brazilian Real against the Euro (Euro 154 million). Adjusting for these effects, the contribution of Oi to PT s consolidated operating revenues in 9M12 would have increased by Euro 27 million as compared to 9M11, to Euro 1,661 million. This performance was explained by an increase in sales and other operating revenues (Euro 63 million), partially offset by lower service revenues (Euro 36 million). The decrease in service revenues is primarily explained by the impact of lower residential revenues, due to lower fixed voice revenues and notwithstanding the positive contribute of broadband and pay-TV revenues in the last couple of quarters, partially offset by an increase in personal mobility revenues, on the back of higher revenues from monthly fees, underpinned by postpaid customer growth, increased traffic revenues and higher revenues from 3G services. Oi s revenues were proportionally consolidated as from 1 April 2011, based on the 25.6% direct and indirect stake that PT owns in Telemar Participações, the controlling shareholder of the Oi Group.

Table of Contents

Other revenues, including intra-group eliminations, increased by 6.5% y.o.y in 9M12 to Euro 648 million, including the impact of the proportional consolidation of Contax in 1Q12 (Euro 148 million), that was proportionally consolidated as from 1 April 2011, partially offset by the contribution of Dedic/GPTI business in 1H11 (Euro 134 million), that was fully consolidated up to 30 June 2011 and integrated in Contax as from 1 July 2011. Excluding the impact of these changes in the consolidation perimeter, other revenues would have increased by Euro 25 million, reflecting the increases of 21.3% y.o.y and 13.8% y.o.y at Timor Telecom and MTC, respectively.

The contribution from fully and proportionally consolidated international assets to operating revenues stood at 58.5% in 9M12, while Brazil accounted for 53.4%.

Consolidated Operating Costs (excluding post retirement benefit costs and depreciation and amortisation)

Consolidated operating costs excluding depreciation and amortisation costs and post retirement benefits increased by Euro 493 million (+17.9% y.o.y) to Euro 3,255 million in 9M12, as compared to Euro 2,762 million in 9M11. This increase is primarily related to the impact of the proportional consolidation of Oi and Contax in 1Q12, as the earnings of these businesses were proportionally consolidated only as from 1 April 2011, partially offset by the contribution of Dedic/GPTI in 1H11, as this business was fully consolidated up to 30 June 2011 and then integrated in Contax following the completion of the exchange of PT s interest in this business for an addition stake in Contax. Excluding the impact of these changes in the consolidation perimeter, totalling Euro 562 million, consolidated operating costs would have decreased by 2.6% y.o.y (Euro 68 million) to Euro 2,560 million in 9M12, primarily as a result of: (1) the 4.8% y.o.y decline in Portuguese telecommunications businesses (Euro 56 million), reflecting the cost cutting efforts and the decline in direct costs due to lower revenues; and (2) a lower contribution from Oi (Euro 24 million), reflecting the impact of the depreciation of the Brazilian Real against the Euro (Euro 108 million), which more than offset higher third party costs, wages and salaries and commercial costs. These lower contributions from the Portuguese and Brazilian telecommunications businesses more than offset increased operating costs at Africatel businesses, namely CVT and MTC.

Wages and salaries increased by Euro 88 million (+11.8% y.o.y) to Euro 831 million in 9M12, as compared to Euro 743 million in 9M11. This increase relates primarily to the impact of the proportional consolidation of Oi and Contax in 1Q12, partially offset by the contribution of Dedic/GPTI in 1H11. Excluding the impact of these changes in the consolidation perimeter, totalling Euro 84 million, wages and salaries would have increased by 0.6% y.o.y (Euro 4 million) to Euro 643 million in 9M12, primarily due to a higher contribution from Oi (Euro 12 million), reflecting increased staff levels and a reorganisation to create new regional commercial structures, as part of the strategy to improve regional operational performance, which more than offset the impact of the depreciation of the Brazilian Real against the Euro. The lower contribution from Oi was partially offset by a decline of 3.7% y.o.y (Euro 7 million) at the Portuguese telecommunications businesses, due to lower variable and overtime remunerations, higher efficiency levels in certain internal processes and lower personnel costs as a result of the restructuring plan implemented in 4Q11. Wages and salaries accounted for 16.7% of consolidated operating revenues in 9M12.

Direct costs increased by Euro 112 million (+15.7% y.o.y) to Euro 828 million in 9M12, reflecting primarily the impact of the proportional consolidation of Oi and Contax in 1Q12, amounting to Euro 177 million. Adjusting for this effect, direct costs would have decreased by 9.0% y.o.y (Euro 65 million) in 9M12 to Euro 651 million, primarily as a result of: (1) a reduction in the Portuguese telecommunications businesses (Euro 17 million), as a

Table of Contents

result of lower traffic costs at TMN, explained by the impact of the regulatory MTR cuts and by a reduction in roaming interconnection costs, lower costs associated with the directories business and lower costs associated with the provision of LAN services to schools; and (2) a lower contribution from Oi (Euro 43 million), reflecting primarily the impact of the depreciation of the Brazilian Real against the Euro (Euro 32 million) and also a reduction in interconnection costs due to lower VU-M tariffs. Direct costs accounted for 16.6% of consolidated operating revenues in 9M12.

Commercial costs, which include costs of products sold, commissions and marketing and publicity, increased by Euro 62 million (+17.6% y.o.y) in 9M12 to Euro 413 million, reflecting primarily the impact of the proportional consolidation of Oi and Contax in 1Q12, amounting to Euro 39 million. Adjusting for this effect, commercial costs would have increased by 6.5% y.o.y (Euro 23 million) in 9M12 to Euro 374 million, mainly due to a higher contribution from Oi (Euro 16 million), reflecting higher costs of goods sold and commissions, explained by a more intense commercial activity that translated into higher sales, and notwithstanding the impact of the depreciation of the Brazilian Real against the Euro (Euro 12 million). This effect was partially offset by a reduction at the Portuguese telecommunications business (Euro 7 million), reflecting lower commissions and also lower marketing and publicity, which more than compensated a growth in cost of goods sold. Commercial costs accounted for 8.3% of consolidated operating revenues in 9M12.

Other operating costs, which mainly include support services, supplies and external services, indirect taxes and provisions, increased by Euro 231 million in 9M12 to Euro 1,182 million, as compared to Euro 951 million in 9M11, reflecting primarily the impact of the proportional consolidation of Oi and Contax in 1Q12, partially offset by the contribution of Dedic/GPTI in 1H11. Excluding the impact of these changes in the consolidation perimeter, totalling Euro 261 million, other operating costs would have decreased by 3.2% y.o.y (Euro 30 million) in 9M12 to Euro 891 million, basically due to: (1) a lower contribution from the Portuguese telecommunications businesses (Euro 26 million), reflecting primarily lower maintenance and repair expenses, support services and other third party services, which benefited from the roll out of PT s FTTH network and the extensive field force transformation programme; and (2) a lower contribution from Oi (Euro 9 million), as the impact of the depreciation of the Brazilian Real against the Euro (Euro 52 million) and also lower provisions for bad debt more than offset increases in third party costs and indirect taxes.

EBITDA

In 9M12, EBITDA increased by Euro 75 million to Euro 1,729 million (+4.5% y.o.y). This increase is mainly explained by the impact of the proportional consolidation of Oi and Contax in 1Q12, as the earnings of these businesses were proportionally consolidated as from 1 April 2011, partially offset by the contribution of Dedic/GPTI in 1H11, as this business was fully consolidated up to 30 June 2011 and then integrated in Contax following the completion of the exchange of PT s interest in this business for an addition stake in Contax. Excluding the impact of these changes in the consolidation perimeter (Euro 240 million), and also the impact of the depreciation of the Brazilian Real against the Euro (Euro 49 million), EBITDA would have decreased by 7.0% y.o.y to Euro 1,537 million in 9M12. EBITDA performance in the period was impacted by: (1) a lower contribution from Portuguese telecommunications businesses (Euro 77 million) as a result of revenue decline (Euro 133 million), notwithstanding a 4.8% y.o.y reduction in operating costs excluding D&A and PRBs following the continued focus on cost cutting and the improvement in gross margin from the residential segment in 9M12, and (2) a lower contribution from Oi (Euro 56 million), reflecting mainly lower service revenues and higher third party services, partially offset by an increase in other operating revenues and sales. These effects were partially offset by a higher contribution from other international operations.

Table of Contents

EBITDA by business segment (1) **Euro million**

	9M12	9M11	y.o.y
Portugal	916.0	992.9	(7.7)%
Brazil • Oi	687.0	562.3	22.2%
Other	125.8	98.9	27.2%
EBITDA	**1,728.8**	**1,654.0**	**4.5%**
EBITDA margin (%)	34.7	37.5	(2.8)pp

(1) EBITDA = income from operations + post retirement benefits + depreciation and amortisation.

EBITDA from Portuguese telecommunications businesses amounted to Euro 916 million in 9M12 (-7.7% y.o.y), equivalent to a 44.9% margin, as a result of the decline in service revenues (Euro 139 million), which have high operating leverage. Service revenues minus direct costs declined by Euro 122 million, while EBITDA only declined by Euro 77 million, as a result of a resilient focus on cost cutting and profitability of operations. Operating costs decreased by 4.8% y.o.y on the back of: (1) pay-TV having reached critical mass; (2) lower traffic costs at TMN, reflecting the regulated MTR cuts and lower roaming interconnection costs; (3) fibre rollout, which has a superior quality of service leading to lower customer support and network maintenance costs, and (4) lower commercial costs, which more than compensated the growth in cost of goods sold due to higher sales of smartphones.

In 9M12, Oi s EBITDA reached Euro 687 million (R$ 1,687 million), equivalent to an EBITDA margin of 29.9%, compared to a contribution of Euro 562 million to consolidated EBITDA in 9M11. This increase reflects primarily the effect of the proportional consolidation in 1Q12 (Euro 227 million), partially offset by the impact of the depreciation of the Brazilian Real against the Euro (Euro 46 million). Adjusting for these effects, the contribution of Oi to PT s consolidated EBITDA in 9M12 would have declined by Euro 56 million compared to 9M11, reflecting the decrease in service revenues and higher third party services costs and notwithstanding an increase in sales and other operating revenues. Oi s EBITDA was proportionally consolidated as from 1 April 2011, based on the 25.6% direct and indirect stake that PT owns in Telemar Participações, the controlling shareholder of the Oi Group.

Other EBITDA increased by 27.2% y.o.y to Euro 126 million in 9M12 mainly due to: (1) the impact of the proportional consolidation of Contax in 1Q12 (Euro 14 million), and (2) the 26.9% and 7.8% y.o.y growth in Timor Telecom and MTC, respectively.

Fully and proportionally consolidated international assets represented 50.1% of PT s EBITDA in 9M12. Brazilian businesses accounted for 42.6% of EBITDA in the period and fully consolidated African businesses accounted for 6.0%.

Net income

Post retirement benefits costs increased to Euro 43 million in 9M12 from Euro 41 million in 9M11, reflecting primarily the impact of the proportional consolidation of Oi in 1Q12 (Euro 1.5 million), as this business was proportionally consolidated only as from 1 April 2011.

Depreciation and amortisation costs increased by 9.9% y.o.y to Euro 1,038 million in 9M12, an increase of Euro 94 million, reflecting primarily the impact of the proportional consolidation of Oi and Contax in 1Q12 (Euro 161

Table of Contents

million). Adjusting for this effect and the contribution of Dedic / GPTI in 1H11, depreciation and amortisation costs would have decreased by 6.3% in 9M12, explained by lower contributions from: (1) the Portuguese telecommunications businesses (Euro 9 million), and (2) Oi (Euro 61 million), including the impact of the depreciation of the Brazilian Real against the Euro (Euro 29 million).

Net other costs (gains) registered a gain of Euro 9 million in 9M12 compared to a cost of Euro 18 million in 9M11, including primarily the net compensation for prior years costs supported by PT with the universal service obligation under the Concession Agreement, partially offset by certain non-recurring provisions and adjustments and also including the impact of the proportional consolidation of Oi and Contax in 1Q12.

Net interest expenses increased to Euro 369 million in 9M12 as compared to Euro 199 million in 9M11, reflecting primarily the impact of the proportional consolidation of Oi, Contax and the Brazilian holding companies in 1Q12 (Euro 66 million), which were proporcionally consolidated only as from 1 April 2011. Adjusting for this effect, net interest expenses would have amounted to Euro 302 million in 9M12, an increase of Euro 103 million compared to 9M11, reflecting: (1) an Euro 51 million interest gain in 1Q11 on the cash deposits in Brazilian Reais that were used to pay the strategic investments in Oi and Contax on 28 March 2011, and (2) a higher contribution from Oi, Contax and the Brazilian holding companies (Euro 36 million), reflecting the impact of the increase in Oi s average net debt, partially offset by the effect of the depreciation of the Brazilian Real against the Euro. Oi s net debt increase is mainly explained by the dividend payment in May 2012 and August 2012 and the amounts paid to non-controlling shareholders in April 2012 in connection with the completion of its corporate simplification. The average cost of net debt from Portuguese businesses stood at 4.2% in 9M12, compared to 3.4% in 9M11, an increase mainly explained by the interest gain recorded in 9M11 related to the receivable from Telefónica regarding the disposal of Vivo.

Equity in earnings of affiliates amounted to Euro 160 million in 9M12, as compared to Euro 169 million in 9M11. In 9M11, this caption includes a gain of Euro 38 million related to the disposal of the investment in UOL for a total consideration of Euro 156 million. Adjusting for this effect, equity accounting in earnings of affiliated companies would have increased from Euro 131 million in 9M11 to Euro 160 million in 9M12.

Net other financial losses, which include net foreign currency gains, net losses on financial assets and net other financial expenses, decreased from Euro 87 million in 9M11 to Euro 69 million in 9M12, reflecting primarily higher net foreign currency losses by Portuguese businesses and Oi in 9M11, mainly due to the impact of the depreciation of the US Dollar against the Euro in 9M11 on net assets denominated in US Dollars and the impact of the depreciation of the US Dollar against the Brazilian Real on Oi s net debt denominated in US Dollars, respectively. Additionally, the impact of the proportional consolidation of Oi, Contax and its controlling shareholders in 1Q12 (Euro 15 million) was offset by the financial taxes incurred in Brazil during 1Q11(Euro 14 million) in connection with the transfer of funds for the investment in Oi.

Income taxes decreased to Euro 116 million in 9M12, from Euro 144 million in 9M11, corresponding to an effective tax rate of 30.8% and 27.2%, respectively. This reduction primarily reflects the impact of the proportional consolidation of Oi and Contax in 1Q12, amounting to an income tax gain of Euro 13 million, and lower earnings from Portuguese businesses.

Income attributable to non-controlling interests amounted to Euro 72 million in 9M12, including the impact of the proportional consolidation of Oi and Contax (Euro 3 million) in 1Q12. Adjusting for this effect, income attributable to non-controlling interests would have decreased to Euro 68 million in 9M12, compared to Euro 83

9

Table of Contents

million in 9M11, reflecting a lower income attributable to non-controlling interests of Oi (Euro 24 million), as a result of the completion of its corporate simplification in March 2012, partially offset by a higher income attributable to non-controlling interests of the African businesses (Euro 5 million).

Net income amounted to Euro 189 million in 9M12 compared to Euro 301 million in 9M11. This decrease is mainly explained by: (1) the gain of Euro 38 million recorded in 1Q11 related to the completion of the disposal of the investment in UOL, and (2) an increase in interest expenses primarily related to the increase in average net debt in Oi and to Euro 51 million interest gain recorded in 1Q11 on the cash deposits in Brazilian Reais that were used to pay the strategic investments in Oi and Contax on 28 March 2011.

Capex

Capex amounted to Euro 890 million in 9M12, equivalent to 17.9% of revenues and to an increase of Euro 186 million as compared to Euro 704 million in 9M11. This increase is primarily related to the impact of the proportional consolidation of Oi and Contax in 1Q12, partially offset by the contribution of Dedic / GPTI in 1H11, as this business was fully consolidated up to 30 June 2011 and then integrated in Contax. Excluding the impact of these changes in the consolidation perimeter, amounting to Euro 117 million, capex would have increased by 10.0% y.o.y to Euro 764 million in 9M12, as a result of: (1) higher capex from Oi (Euro 80 million), partially offset by the impact of the depreciation of the Brazilian Real against the Euro, and (2) higher contribution from certain international operations, namely MTC (Euro 18 million), reflecting investments in an African submarine cable and 4G network, and CVT (Euro 5 million). These effects were partially offset by a decrease in capex at the Portuguese telecommunications businesses (Euro 30 million), which stood at Euro 370 million in 9M12.

Capex by business segment **Euro million**

	9M12	**9M11**	**y.o.y**
Portugal	370.4	400.5	(7.5)%
Brazil • Oi (1)	423.5	223.2	89.7%
Other	96.3	80.1	20.2%
Total capex	**890.2**	**703.8**	**26.5%**
Capex as % of revenues (%)	17.9	15.9	1.9pp

(1) Oi s capex excludes the acquisition of 4G licenses in 9M12 for a total amount of R$ 400 million, equivalent to Euro 42 million proportionally consolidated by PT.

Capex from Portuguese telecommunications businesses decreased by 7.5% y.o.y to Euro 370 million in 9M12. Capex performance reflected the strong investments made during the last years, namely in the 2008-2011 period, in the deployment of the FTTH network, in the modernisation of the 2G network already 4G LTE-enabled, and in the reinforcement of 3G and 3.5G networks in terms of coverage and capacity, leading now to a decrease in technology capex, notwithstanding the investments in the deployment of the 4G LTE network. PT has been strengthening its mobile data capabilities and its network quality by leveraging the existing FTTH deployment to boost its mobile network quality and lead the 4G roll-out in the Portuguese market. As from April 2012, PT has a 4G coverage of 80% and aims to increase it to 90% by the end of 2012.

In 9M12, Oi s capex reached Euro 423 million (R$1,040 million) compared to Euro 223 million in 9M11. This increase reflects primarily the effect of the proportional consolidation of Oi in 1Q12 (Euro 121 million), partially offset by the impact of the depreciation of the Brazilian Real against the Euro (Euro 29 million). Adjusting for these effects, the contribution of Oi to PT s consolidated capex in 9M12 would have increased by Euro 108 million compared to 9M11, mainly due to the investment in expanding broadband and 3G coverage in 9M12.

Table of Contents

In 9M12, other capex increased to Euro 96 million compared to Euro 80 million in 9M11. This performance is primarily explained by: (1) the impact of the proportional consolidation of Contax in 1Q12 (Euro 5 million), and (2) a higher capex at MTC (Euro 17 million), reflecting the investments in the African submarine cable and in 4G deployment.

Cash Flow

Operating cash flow decreased to Euro 617 million in 9M12 from Euro 894 million in 9M11 as a result of a Euro 112 million decrease in EBITDA minus Capex (Euro 67 million excluding Oi and Contax) and an increase of Euro 167 million in working capital investment (Euro 140 million excluding Oi and Contax, reflecting the one-off reduction in the payment cycle to certain suppliers undertaken in 4Q10, leading to a lower investment in working capital in 2011). In 3Q12, both Portuguese telecommunications businesses and Oi registered a significant improvement in working capital investments.

Free cash flow (1) **Euro million**

	9M12	9M11	y.o.y
EBITDA minus Capex	838.6	950.3	(11.7)%
Non-cash items	94.4	93.6	0.9%
Change in working capital	(316.5)	(150.0)	111.0%
Operating cash flow	**616.5**	**893.8**	**(31.0)%**
Interests	(339.4)	(160.3)	111.7%
Net reimbursements (contributions) to pension funds	(32.2)	(20.4)	58.1%
Paym. to pre-retired, suspended employees and other	(116.3)	(128.2)	(9.3)%
Income taxes	(132.7)	(119.5)	11.1%
Dividends received	57.4	147.0	(60.9)%
Net disposal (acquisition) of financial investments (2)	0.0	123.6	n.m.
Other cash movements (3)	(317.1)	(238.3)	33.0%
Free cash flow	**(263.7)**	**497.7**	**n.m.**

(1) Free cash flow excludes the cash out-flow related to the investments in Oi and Contax (Euro 3,728 million in 1Q11).. **(2)** This caption includes the disposal of the investment in UOL in 1Q11 for a total amount of Euro 155.5 million, partially offset by the acquisition of an investment in Allus in 2Q11 for a total amount of Euro 44 million. **(3)** The increase in this caption reflects mainly the payments of certain legal actions at Oi in 1Q12, partially offset by financial taxes incurred in 1Q11 related to the strategic investment in Oi.

Free cash flow amounted to negative Euro 264 million in 9M12 compared to Euro 498 million in 9M11 adjusted for the cash out-flow related to the acquisition of PT s investment in Oi and Contax (Euro 3,728 million). This reduction is primarily explained by: (1) a lower operating cash flow (Euro 277 million) as referred to above; (2) the proceeds received in 9M11 from the disposal of the investment in UOL amounting to Euro 156 million; (3) lower dividends received from Unitel (Euro 32 million in 9M12 compared to Euro 126 million in 9M11); (4) an increase in payments regarding legal actions (Euro 50 million), primarily related to the proportional consolidation of Oi, and (5) an increase of Euro 179 million in interest payments, reflecting a higher contribution from Oi, Contax and its controlling shareholders (Euro 55 million), including the impact of its proportional consolidation in 1Q12 (Euro 10 million), and an increase at Portuguese businesses mainly related to the interest received in 1Q11 on the cash deposits in Brazilian Reais used to pay the strategic investments in Oi and Contax. These effects were partially offset by the acquisition of an investment in Allus by Contax in April 2011 (Euro 44 million).

11

Table of Contents

Consolidated Net Debt

Consolidated net debt excluding the proportional consolidation of Oi, Contax and its controlling shareholders and the tax effect on the payments to the Portuguese State in connection with the pensions transaction, amounted to Euro 4,591 million as at 30 September 2012. Total consolidated net debt amounted to Euro 7,765 million as at 30 September 2012, as compared to Euro 6,613 million at the end of December 2011, an increase of Euro 1,152 million, reflecting: (1) dividends paid by PT to its shareholders (Euro 557 million, corresponding to the total shares in issue net of PT s 20.64 million own shares and of PT s stake in the shares held by Oi in PT), in relation to the 2011 fiscal year dividend of Euro 65 cents per share, and by its subsidiaries to non-controlling interests (Euro 87 million); (2) the negative free cash flow generated in the period (Euro 264 million); (3) the amounts paid by Oi to non-controlling shareholders in connection with the completion of its corporate simplification process (Euro 296 million); (4) the payment by TMN regarding the LTE license in January 2012 (Euro 83 million), and (5) the acquisition by Oi of PT s own shares (Euro 23 million). These effects were partially offset by the impact of the depreciation of the Brazilian Real against the Euro, which resulted in a net debt reduction of Euro 168 million.

Change in net debt **Euro million**

	9M12	9M11
Net debt (initial balance)	**6,612.8**	**2,099.8**
Less: free cash flow	(263.7)	497.7
Acquisition of strategic investment in Oi and Contax	0.0	3,727.6
Translation effect on foreign currency debt	(168.4)	(132.4)
Dividends paid by PT	556.7	1,117.7
Changes in consolidation perimeter (Oi and Contax)	0.0	2,052.5
Oi s corporate simplification	296.1	0.0
Acquisition of own shares by Oi	23.2	86.8
Other (1)	180.3	86.2
Net debt (final balance)	**7,764.5**	**8,540.6**
Less: TEF receivable	0.0	2,000.0
Less: Tax effect on unfunded post retirement benefits obligations (2)	226.1	226.1
Adjusted net debt (final balance)	**7,538.5**	**6,314.5**
Less: Net debt from Oi and Contax, inc. holding companies	2,947.9	2,164.0
Adjusted net debt exc. Oi and Contax(final balance)	**4,590.5**	**4,150.5**
Change in net debt	1,151.7	6,440.8
Change in net debt (%)	17.4%	306.7%

(1) This caption includes the payment related to LTE license in Portugal. in 1Q12 and the dividends paid by PT s subsidiaries to non-controlling interests **(2)** Tax effect on pension debt due to the Portuguese State including Euro 113 million related to the 2011 contribution, which was accounted for as tax losses carried forward.

As at 30 September 2012, total consolidated gross debt amounted to Euro 11,252 million, of which 76.7% was medium and long-term and Euro 3,694 million relates to the impact of the proportional consolidation of Oi, Contax and its controlling shareholders. Excluding Brazil, gross debt would have amounted to Euro 7,558 million, of which 69.8% was medium and long-term and 76.6% was set at fixed rates.

Excluding the proportional consolidation of Oi and Contax, the amount of cash available plus the undrawn amount of PT s committed commercial paper lines and facilities totalled Euro 3,207 million at the end of September 2012, which includes Euro 465 million of undrawn committed commercial paper lines and facilities. . Including the effect of the Euro 750 million eurobond issued in October 2012, available cash and facilities would amount to Euro 3,957 million. PT is fully funded up to July 2016.

Table of Contents

In 9M12, excluding the proportional consolidation of Oi and Contax, PT s average cost of net debt stood at 4.2%, compared to 3.4% in 9M11, adjusted for the Euro 51 million interest gain on cash deposits related to the strategic investment in Oi. Cost of gross debt, excluding Oi and Contax, stood at 4.4% in 9M12, remaining stable when compared to 9M11 and 2011. As at 30 September 2012, the maturity of PT s net debt, excluding Oi and Contax, was 5.3 years.

Post Retirement Benefits Obligations

As at 30 September 2012, the projected post retirement benefits obligations (PBO) from Portuguese businesses related to pensions and healthcare amounted to Euro 471 million and the market value of assets under management amounted to Euro 372 million, compared to Euro 474 million and Euro 345 million as at 31 December 2011, respectively. In addition, PT had liabilities in the form of salaries due to suspended and pre-retired employees amounting to Euro 722 million as at 30 September 2012, which are not subject to any legal funding requirement. These monthly salaries are paid directly by PT to the beneficiaries until retirement age. As a result, total gross unfunded obligations from Portuguese businesses amounted to Euro 821 million and after-tax unfunded obligations amounted to Euro 616 million. PT s post retirement benefits plans for pensions and healthcare in Portugal are closed to new participants. In addition, PT proportionally consolidates Oi s net post retirement benefit obligations, which amounted to Euro 51 million as at 30 September 2012 and Euro 62 million as at 31 December 2011.

Post retirement benefits obligations **Euro million**

	30 September 2012	31 December 2011
Pensions obligations	118.4	121.6
Healthcare obligations	353.1	352.6
PBO of pension and healthcare obligations	**471.5**	**474.1**
Market value of funds (1)	(372.2)	(344.7)
Unfunded pensions and healthcare obligations	**99.3**	**129.4**
Salaries to suspended and pre-retired employees	721.6	782.5
Gross unfunded obligations from Portuguese businesses	**820.9**	**911.9**
After-tax unfunded obligations from Portuguese businesses	615.7	683.9
Gross unfunded obligations at Oi	50.8	61.7
Unrecognised prior years service gains	15.6	16.8
Accrued post retirement benefits	**887.3**	**990.4**

(1) The increase in the market value of funds resulted mainly from the positive performance of assets under management amounting to Euro 47.5 million (equivalent to positive 14.1% in 9M12), that more than offset the payments of supplements of Euro 6.7 million and the refund of healthcare expenses (Euro 14.4 million).

Total gross unfunded obligations from Portuguese businesses decreased by Euro 91 million in 9M12 to Euro 821 million as at 30 September 2012, primarily as a result of salary payments to suspended and pre-retired employees, that amounted to Euro 115 million, partially offset by the recognition of post retirement benefit costs and net actuarial losses amounting to Euro 23 million and Euro 2 million, respectively. Unfunded obligations from Oi decreased from Euro 62 million as at 31 December 2011 to Euro 51 million as at 30 September 2012, reflecting primarily a contribution of Euro 10 million made in January 2012 to cover the deficit position of the BrTPREV pension plan.

Table of Contents

Change in gross unfunded obligations **Euro million**

	9M12	9M11
Gross unfunded obligations (initial balance)	973.7	948.6
Changes in the consolidation perimeter	0.0	52.5
Post retirement benefits costs (PRB) (1)	27.2	26.1
Curtailment cost	1.9	6.3
Net reimbursements (contributions) to pension funds (2)	(12.5)	(4.9)
Salary payments to pre-retired, suspended employees and other	(116.3)	(128.2)
Net actuarial (gains) losses	2.2	33.0
Foreign currency translation adjustments	(4.5)	(4.5)
Gross unfunded obligations (final balance)	871.7	928.9

(1) In 9M12 and 9M11, this caption excludes the service cost related to active employees transferred to the Portuguese State amounting to Euro 16.7 million and Euro 15.7 million, respectively. **(2)** In 9M12, this caption includes primarily contributions to pension funds made by Oi (Euro 10.4 million) and refunds net of healthcare expenses paid regarding healthcare plans from Portuguese operations (Euro 0.4 million). In 9M11, this caption includes healthcare expenses net of refunds amounting to Euro 2.0 million and termination payments amounting to Euro 2.6 million.

Gross unfunded obligations related to post retirement and healthcare obligations decreased Euro 102 million to Euro 872 million in 9M12, mainly due to salaries paid to pre-retired and suspended employees and despite an actuarial loss of Euro 35 million related to the estimated impact of the adoption of Dec-Law 85-A/2012, which suspended the early retirement regime during the financial assistance programme to Portugal, resulting in higher payments to pre-retired and suspended employees up to retirement age. These loss was partally compensated by an actuarial gain of Euro 33 million corresponding to the difference between actual (+14.1%) and estimated (+4.5%) return on plan assets, which resulted in a net actuarial loss of Euro 2 million in 9M12.

Equity

Change in shareholders equity (excluding non-controlling interests) **Euro million**

	9M12
Equity before non-controlling interests (initial balance)	**2,828.1**
Net income	188.9
Net currency translation adjustments	(273.7)
Dividends paid by PT	(371.9)
Net actuarial gains (losses), net of taxes	(1.6)
Other (1)	41.1
Equity before non-controlling interests (final balance)	**2,410.8**
Change in equity before non-controlling interests	**(417.3)**
Change in equity before non-controlling interests (%)	**(14.8)%**

(1) This caption includes primarily a gain recorded directly in shareholders equity as a result of the corporate simplification of the Oi Group.

As at 30 September 2012, shareholders equity excluding non-controlling interests amounted to Euro 2,411 million, a decrease of Euro 417 million in 9M12. This decrease is primarily explained by: (1) the Euro 43.5 cents dividend per share paid in May 2012 (Euro 372 million), corresponding to the second instalment of the 2011 fiscal year dividend (Euro 65 cents per share), following the interim dividend payment of Euro 21.5 cents per share paid in January 2012, and (2) negative foreign currency translation adjustments (Euro 274 million), mainly related to the impact of the depreciation of the Brazilian Real against the Euro. These effects were partially offset by the net income generated in the period of Euro 189 million and a gain recorded directly in shareholders equity in connection with Oi s corporate simplification.

Table of Contents

Consolidated Statement of Financial Position

Total assets decreased from Euro 23.2 billion as at 31 December 2011 to Euro 20.4 billion as at 30 September 2012, primarily reflecting: (1) the repayment of the Euro 1.3 billion Eurobond issued in March 2005; (2) the impact of the depreciation of the Brazilian Real against the Euro (Euro 0.9 billion); (3) the dividends paid by PT to its shareholders (Euro 0.6 billion), corresponding to the 2011 fiscal year dividend of 65 cents per share, and (4) the amounts paid by Oi to non-controlling shareholders in connection with the completion of its corporate simplification process (Euro 0.3 billion). Total liabilities decreased from Euro 19.4 billion to Euro 17.4 billion, reflecting primarily the repayment of the March 2005 Eurobond (Euro 1.3 billion) and the impact of the depreciation of the Brazilian Real against the Euro (Euro 0.6 billion).

Consolidated statement of financial position **Euro million**

	30 September 2012	31 December 2011 restated
Cash and equivalents	3,487.4	5,668.1
Accounts receivable, net	1,873.5	1,936.3
Inventories, net	165.0	133.5
Judicial Deposits	1,167.0	1,084.1
Financial investments	683.0	556.3
Intangible assets, net	5,174.3	5,629.8
Tangible assets, net	6,003.7	6,228.6
Accrued post retirement asset	13.8	13.6
Other assets	496.8	579.5
Deferred tax assets and prepaid expenses	1,353.6	1,346.5
Total assets	**20,418.2**	**23,176.4**
Accounts payable	1,247.3	1,446.2
Gross debt	11,252.0	12,281.0
Accrued post retirement liability	901.1	1,004.1
Other liabilities	2,783.5	3,337.9
Deferred tax liabilities and deferred income	1,243.7	1,365.1
Total liabilities	**17,427.7**	**19,434.2**
Equity before non-controlling interests	2,410.8	2,828.1
Non-controlling interests	579.8	914.1
Total shareholders equity	**2,990.5**	**3,742.2**
Total liabilities and shareholders equity	**20,418.2**	**23,176.4**

Table of Contents

02

Business performance

Portuguese Telecommunications Businesses

In 9M12, the Portuguese telecommunications businesses continued to show customer growth, with the fixed retail customers growing by 6.3% y.o.y to 5,007 thousand (net additions reached 212 thousand), while mobile customers were up by 0.4% y.o.y to 7,386 thousand (58 thousand net losses with postpaid reaching 86 thousand net additions and prepaid with 144 thousand net losses).

Portuguese operating data

	9M12	9M11	y.o.y
Fixed retail accesses (000)	5,007	4,709	6.3%
PSTN/ISDN	2,610	2,662	(2.0)%
Broadband customers	1,200	1,072	11.9%
Pay-TV customers	1,198	974	22.9%
Mobile Customers (000)	7,386	7,354	0.4%
Postpaid	2,463	2,341	5.2%
Prepaid	4,922	5,013	(1.8)%
Net additions (000)			
Fixed retail accesses	212	182	16.3%
PSTN/ISDN	(38)	(33)	(14.5)%
Broadband customers	94	71	32.9%
Pay-TV customers	156	145	7.7%
Mobile Customers	(58)	(65)	10.8%
Postpaid	86	51	69.0%
Prepaid	(144)	(116)	(24.2)%
Data as % of mobile service revenues (%)	32.1	27.7	4.4pp

Growth of fixed retail customers was underpinned by a solid performance of Meo, PT s pay-TV service, anchored on the back of a very differentiated value proposition. This leverages on a non-linear pay-TV service offering, a seamless multiscreen experience with live TV channels, video on demand, games and music on demand available on multiple devices.

In 9M12, pay-TV customers were up by 22.9% y.o.y to 1,198 thousand, a resilient performance representing net additions of 156 thousand. This steady customer growth confirms the continued success and the attractiveness of Meo in the Portuguese market. This performance of pay-TV underpinned a solid growth of fixed broadband customers, which were up by 11.9% y.o.y to 1,200 thousand (94 thousand net adds). PT s triple-play customers (voice, broadband and pay-TV) grew by 27.7% y.o.y, having reached 802 thousand in 9M12 (123 thousand net adds).

Mobile customers benefited from the performance of postpaid customers, which grew by 5.2% y.o.y (86 thousand net adds in 9M12) benefiting from the growth of the unlimited tariff plans. The e nunca mais acaba tariff plans, which reached 973 thousand customers in 9M12, as well as the new Moche tariff plans (+8.4% y.o.y in 9M12 to 1,360 thousand customers), also continued to show solid growth trends. Mobile broadband customers increased by 51 thousand customers in 9M12 to 914 thousand (+15.8% y.o.y) reflecting the attractiveness and success of TMN s broadband offers and the extensive coverage of PT s 3G and 4G LTE networks.

Table of Contents

Residential

Residential retail accesses or retail revenue generating units (RGUs) increased by 9.6% y.o.y, reaching 3,791 thousand, with pay-TV and broadband accesses already accounting for 55.6% of total residential retail accesses as at 30 September 2012 (+3.9pp y.o.y). In 9M12, retail net additions reached 234 thousand, as a result of: (1) growth of the pay-TV service, which accounted for 141 thousand net additions; (2) 84 thousand net adds of fixed residential broadband, reflecting the continued growth in triple-play and double-play bundles, and (3) 9 thousand net adds of residential fixed voice customers (PSTN/ISDN lines), also reflecting the positive impact of the triple-play offers and notwithstanding aggressive commercial offers by the main competitor. As at the end of September 2012: (1) pay-TV residential customers reached 1,114 thousand (up by 22.5% y.o.y); (2) fixed residential broadband customer base grew by 13.1% y.o.y to 994 thousand, and (3) residential fixed voice customers stood at 1,683 lines, up by 0.7% y.o.y.

In 9M12, PT s residential customer segment continued to show growth in unique customers, which reached 1,878 thousand (+0.9% y.o.y). Residential revenue generating units per unique customer stood at 2.0, up by 8.6% y.o.y reflecting the continued success of Meo s triple-play offer. As a result of this success, residential ARPU was up by 3.0% y.o.y to Euro 31.7 in 9M12. This performance is noteworthy as it was achieved against a backdrop of: (1) a challenging economic environment, which leads to some pressure on those services that are more exposed to the economic environment, such as premium and thematic channels, video on demand and other value added services, and (2) an aggressive commercial stance by certain competitors on voice promotions and low-end offers.

Residential operating data

	9M12	9M11	y.o.y
Fixed retail accesses (000)	3,791	3,460	9.6%
PSTN/ISDN	1,683	1,671	0.7%
Broadband customers	994	880	13.1%
Pay-TV customers	1,114	909	22.5%
Unique customers	1,878	1,862	0.9%
Net additions (000)			
Fixed retail accesses	234	203	15.2%
PSTN/ISDN	9	(2)	n.m.
Broadband customers	84	70	18.8%
Pay-TV customers	141	135	4.9%
ARPU (Euro)	31.7	30.7	3.0%
Non-voice revenues as % of revenues (%)	63.1	57.8	5.3pp

The solid growth of residential customers is clearly supported by the success of Meo, PT s innovative pay-TV service that has already moved towards a seamless multiscreen experience, with live TV channels, games, music and video-on-demand on all screens. Meo delivers a highly differentiated content proposition, with more than 150 TV channels, including exclusive content, HD and 3D channels. On 12 October 2012, Meo launched A Bola TV in partnership with Jornal a Bola , a leading daily sports newspaper. This comprehensive and diverse sports information channel, which is exclusive on Meo, is available in the basic package and is aimed at strenghtening Meo s content offering. The channel A Bola TV is available on multiscreens, including not only the TV, but also the PC, smartphone and tablet through the Meo GO! service. Following this strategy, on 15 October 2012, Meo launched TVI Ficção , an entertainment channel produced by TVI , the leading free-to-air portuguese

17

Table of Contents

channel, featuring local fiction from the well established TVI production house. TVI Ficção is also available in the basic package. Meo will continue to innovate and a new exclusive channel will be added to its grid, Correio da Manhã TV , in partnership with Cofina, the owner of several newspapers and magazines in Portugal, including the most widely read newspaper in Portugal, Correio da Manhã .

Meo s content offering also includes thousands of VoD titles and its content offering is enriched with interactivity over anchor programmes (e.g. Idols, Secret Story, Biggest Looser).

Meo also offers a marketplace of advanced interactive applications, available through the blue button on the Meo remote control and covering multiple categories, such as: (1) News, including a personalised newscast app, developed in partnership with RTP; and the Sapo Kiosk application featuring the daily covers of all local and several international newspapers and magazines; (2) Sports, including a football app, a surf app, and specific sports channel applications such as the BenficaTV app and the SportTV app; (3) Music, including MusicBox, a multiscreen music streaming service; Meo Radios, a radio streaming service and Meo Karaoke, an application that offers Meo customers the possibility to subscribe and sing a wide catalogue of local and international hits; (4) Kids, including an all encompassing childrens portal where kids can access channels, VoD content, music clips, karaoke, games and tailored educational content; (5) Convenience, including apps for weather, traffic, pharmacies and several others, and (6) Personal content, including the online photo storage app.

Meo continued to innovate by launching Sapo Voucher app, the first interactive TV app allowing financial transactions and TV advertisement interaction. Meo also launched Twitter on TV, which can be accessed through the blue button on the Meo remote control, allowing Meo customers to tweet while watching TV shows.

Under a clear and strong strategy for content differentiation through interactivity, that Meo has been pursuing, it launched a new interactive application over one of the most successful youth TV series in Portugal, Morangos com Açucar , developed in partnership with TVI, the leading free-to-air portuguese channel. This application, besides giving access to much exclusive and backstage content, also gives fans the possibility to preview episodes for Euro 0.90. In July 2012, Meo also announced the transformation of the most watched local pay-TV channel SIC Notícias. As a result of a profound content and technological partnership between PT and Impresa (a large media group in Portugal, owning several print publications and SIC free-to-air channel as well as several SIC pay-TV channels), Meo will be launching in 4Q12 a transformed SIC Notícias whereby the channel will re-emerge as a completely interactive channel an exclusive experience for Meo customers. These apps will be made available on multiscreens, including the TV, PC, tablet and smartphone.

Operating revenues in the Residential customer segment reached Euro 534 million in 9M12, up by 4.6% y.o.y, showing a resilient performance. Service revenues were up by 4.3% y.o.y to Euro 524 million. This solid growth was achieved on the back of the continued strong performance of Meo triple-play offer (voice, broadband and pay-TV) and benefiting from a relentless effort to transform PT s residential service offering from a fixed telephone legacy to a triple-play offering. Meo offer is highly differentiated, more competitive and also more resilient to unfavourable economic conditions. As a result of this success, the weight of non-voice services in Residential stood at 63.1% in 9M12 (+5.3pp y.o.y) and the weight of flat revenues stood at 86.9% (+1.9pp y.o.y).

Table of Contents

Personal

Mobile Personal customers, including voice and broadband customers, declined by 1.1% y.o.y in 9M12 as a result of 126 thousand net disconnections. In 3Q12, net adds were positive 9 thousand, having reflected the increase in postpaid customers (+9 thousand net adds) and no customer loss in prepaid. TMN continued to show a solid performance in postpaid customers, leveraging on the commercial success of the Unlimited tariff plans and on the continued growth of mobile broadband customers. The strong performance of e nunca mais acaba tariff plans and the new positioning of Moche tariff plans continued to benefit prepaid customers performance. The flat-fee tariff plans already represented 22.1% of mobile Personal customer base by the end of September 2012, an increase of 3.5pp y.o.y.

Personal operating data

	9M12	9M11	y.o.y
Mobile Customers (000)	5,806	5,872	(1.1)%
Postpaid	1,082	1,054	2.7%
Prepaid	4,724	4,819	(2.0)%
Net additions (000)	(126)	(91)	(39.1)%
Postpaid	19	32	(42.8)%
Prepaid	(145)	(123)	(17.6)%
MOU (minutes)	94	88	6.7%
ARPU (Euro)	8.8	9.8	(10.0)%
Customer	8.1	8.8	(8.3)%
Interconnection	0.7	1.0	(25.8)%
SARC (Euro)	28.7	27.2	5.5%
Data as % of service revenues (%)	32.9	30.9	2.0pp

PT s strategy for the Personal customer segment is anchored on mobile data offers based on high quality network offering, best in class coverage and high capacity to meet customer demand for increasingly higher bandwidth and provide the best quality of service in the market. TMN s commercial offers include: (1) voice and data tariff plans designed to integrate seamlessly unlimited voice and data plans, targeted at the high value postpaid segments and, in the prepaid segment, to prevent migration to the low value tariff plans by offering additional voice and data services; (2) distinctive smartphone offering leveraging on a comprehensive portfolio of circa 30 smartphones, including exclusive handsets, and on innovative value added and convergent services to use on-the-go (mobile TV, music on demand, social network aggregator), and (3) mobile broadband competitive offers of up to 150Mbps speed, on 4G LTE, and offering free access to PT s leading national Wi-Fi network. PT s Wi-Fi strategy includes automatic subscriber authentication based on SIM Card (EAP-SIM), over-the-air or standard terminal configuration and automatic 3G / 4G LTE offload to Wi-Fi whenever the device is within Wi-Fi coverage. As such, Wi-Fi clearly complements 3G and 4G LTE for data coverage, thus increasing customer mobility and satisfaction and ultimately its loyalty.

On March 2012, PT unveiled its 4G LTE strategy, by launching a mobile broadband offer that structurally changes the market. Currently, PT s 4G LTE offering allows: (1) speeds of up to 150Mbps; (2) access to live TV channels, through Meo GO!, and to music streaming service, through MusicBox, and (3) to share traffic among various devices, including the PC, through a wireless dongle, the tablet and the smartphone. As at launch, PT s 4G LTE service was available to 20% of the Portuguese population and this coverage was enlarged to 80% of the population by April 2012, when the 800MHz spectrum was made available. This coverage will be increased further to 90% of the population by the end of 2012. PT is marketing its 4G LTE mobile broadband services through the TMN 4G and Meo 4G brands, aiming at leveraging on the various attributes and strengths of each brand. The commercial offers have speeds from 50Mbps to 150Mbps and monthly retail prices that start at Euro

19

Table of Contents

49.99, with a 50% discount for early adopters during a 24 month period, and include the MusicBox service for free. TMN 4G or Meo 4G customers that are also Meo customers have free access to 50 live TV channels through the Meo GO! service. Otherwise the Meo GO! service has a retail price of Euro 7.99 per month.

In 9M12, customer revenue in the Personal segment declined by 9.1% y.o.y to Euro 425 million. Challenging and deteriorating economic conditions, which lead to lower consumer confidence, impacted the performance of the personal segment as consumer mobile is clearly exposed to economic trends. Additionally, continuous pricing aggressiveness both in voice and wireless broadband continue to place retail tariffs and customer ARPU under pressure. Customer revenues also reflected lower revenues derived from mobile broadband services against a backdrop of high popularity of fixed broadband, price competition and migration to lower tariff plans, notwithstanding the strong growth of internetnotelemóvel revenues leveraged on the increased penetration of smartphones. The acceleration in the decline of interconnection revenues (-26.5% y.o.y to Euro 38 million in 9M12) also contributed to a total service revenues decline of 10.9% y.o.y in 9M12. In effect, MTRs declined to Euro 2.77 cents as from 7 May 2012, to Euro 2.27 cents as from 30 June 2012 and to Euro 1.77 cents as from 30 September. MTRs will continue to impact interconnection revenues, as from 31 December 2012 MTRs will decline to Euro 1.27 cents. ARPU of the personal segment stood at Euro 8.8 (-10.0% y.o.y) and customer ARPU stood at Euro 8.1 (-8.3% y.o.y). The weight of non-voice revenues in service revenues stood at 32.9% in 9M12 (+2.0pp y.o.y), reflecting the solid performance of data packages internetnotelemovel .

Enterprise

The Enterprise customer segment includes mobile and fixed, voice and data and IT convergent and integrated offers provided to large corporates and to small and medium size businesses. In this customer segment, PT aims at growing its revenue base beyond connectivity by seizing the ICT opportunity on the back of cutting-edge solutions for companies and future-proof data centre investments to meet demand for high bandwidth services and virtualisation.

The value proposition for corporate customers is anchored on the following pillars: (1) maximise value from traditional telecommunications services by up selling additional services, including fixed-mobile convergence on FTTH to push for VPN, LAN management and video services; (2) IT transformation accelerated by cloud computing, where PT aims at leveraging on partnerships with key suppliers to enable business process transformation and significant cost reductions to the enterprise customers; (3) leverage on specialisation to seize gains from scale, including focus on outsourcing and BPO to improve productivity, and (4) introduce a business consulting approach in order to extend the services provided to corporations to video, multiscreen and highly differentiated convergent services.

In the SME customer segment, PT aims at integrating its service offerings, including bundling fixed and mobile and voice and data offers with access to subsidised equipment (PCs, PBX, smartphones and tablets), while at the same time making available vertical solutions to specific sectors (ex: restaurants and coffee-shops, retail, healthcare).

During 9M12, PT also continued to invest significantly on its cloud computing offering both for corporates and SMEs, making now available structured offers, branded SmartcloudPT, that include infrastructure as a service (IaaS), platform as a service (PaaS) and software as a service (SaaS).

Table of Contents

In 9M12, fixed retail customers of the enterprise segment stood at 1,024 thousand, having declined 63 thousand. This performance reflected mainly 88 thousand net disconnections of fixed lines, which result from: (1) migration of large corporates from classic PSTN/ISDN services to VoIP services, which require less lines per customer; (2) the level of insolvencies going up in the SME segment, and (3) fixed-to-mobile migration. Broadband and pay-TV net additions increased slightly as a result of upselling additional services to small and medium businesses.

Enterprise operating data

	9M12	9M11	y.o.y
Fixed retail accesses (000)	1,024	1,096	(6.6)%
PSTN/ISDN	738	841	(12.3)%
Broadband customers	203	191	6.5%
Pay-TV customers	82	64	29.6%
Retail RGU per access	1.39	1.30	6.5%
Mobile Customers (000)	1,516	1,416	7.1%
Net additions (000)			
Fixed retail accesses	(63)	(21)	(202.9)%
PSTN/ISDN	(88)	(31)	(182.8)%
Broadband customers	10	0	n.m.
Pay-TV customers	14	10	45.7%
Mobile Customers	71	26	173.6%
ARPU (Euro)	23.9	26.3	(8.8)%
Non-voice revenues as % of revenues (%)	49.0	46.1	2.9pp

Operating revenues of the Enterprise customer segment declined by 9.0% y.o.y to Euro 671 million in 9M12, showing a sequential improvement throughout 2012. The revenue performance in the enterprise segment is also being penalised by the economic environment: (1) public administration strong cost cut initiatives and significant reduction in investments in new projects; (2) large corporate cost reduction initiatives, and (3) small and medium businesses, which were still showing some resilience in 2011, are now more penalised by the economic and financing context. Notwithstanding the economic backdrop, PT maintained a solid leadership both in large corporates and in small and medium size businesses, anchored on its distinctive products and services to both market segments as referred to above. In effect, in 2012 PT won significant projects and customers, which should translate in revenue performance already in 4Q12 and in 2013. In 9M12, non-voice services represented 49.0% of Enterprise retail revenues, up by 2.9pp y.o.y.

Consolidated financial performance in Portugal

In 9M12, revenues from Portuguese telecommunications businesses declined by Euro 133 million (-6.1% y.o.y) to Euro 2,040 million. This performance reflected the revenue decline at the Personal and Enterprise customer segments (Euro 58 million and Euro 66 million, respectively), against challenging and deteriorating economic conditions, and lower revenues from the directories business (Euro 9 million), that more than compensated the 4.6% y.o.y increase in the Residential customer segment (Euro 24 million). In 9M12, revenues in Portugal were also penalised by adverse regulation movements, including lower MTRs (Euro 19 million) and roaming (Euro 2 million). Excluding regulation effects, revenues would have decreased by 5.1% y.o.y in 9M12.

Table of Contents

Against revenue pressure in the Portuguese telecommunications businesses, the measures implemented to control costs and the transformation initiatives that are taking place are allowing PT to reduce costs and maintain solid margin performance.

Portuguese telecommunication operations financial information **Euro million**

	9M12	9M11	y.o.y
Operating revenues	**2,040.2**	**2,173.6**	**(6.1)%**
Residential	534.0	510.5	4.6%
Service revenues	523.7	502.0	4.3%
Sales and other revenues	10.3	8.4	21.9%
Personal	517.2	574.8	(10.0)%
Service revenues	463.6	520.1	(10.9)%
Customer revenues	425.3	468.0	(9.1)%
Interconnection revenues	38.3	52.1	(26.5)%
Sales and other	53.7	54.7	(1.9)%
Enterprise	670.6	737.0	(9.0)%
Wholesale, other and eliminations	318.3	351.3	(9.4)%
Operating costs	**1,124.3**	**1,180.7**	**(4.8)%**
Wages and salaries	182.6	189.5	(3.7)%
Direct costs	341.6	358.6	(4.7)%
Commercial costs	217.5	224.1	(2.9)%
Other operating costs	382.6	408.5	(6.4)%
EBITDA (1)	**916.0**	**992.9**	**(7.7)%**
Post retirement benefits	38.8	37.3	4.0%
Depreciation and amortisation	510.5	519.7	(1.8)%
Income from operations (2)	**366.7**	**435.9**	**(15.9)%**
EBITDA margin	44.9%	45.7%	(0.8)pp
Capex	370.4	400.5	(7.5)%
Capex as % of revenues	18.2%	18.4%	(0.3)pp
EBITDA minus Capex	545.5	592.4	(7.9)%

(1) EBITDA = income from operations + post retirement benefits + depreciation and amortisation. **(2)** Income from operations = income before financials and income taxes + curtailment costs + losses (gains) on disposal of fixed assets + net other costs.

In 9M12, operating costs excluding D&A and PRBs declined by 4.8% y.o.y (Euro 56 million) to Euro 1,124 million. Wages and salaries declined by 3.7% y.o.y (Euro 7 million) to Euro 183 million, as a result of lower variable and overtime remunerations and higher efficiency levels in certain internal processes. Direct costs were down by 4.7% y.o.y (Euro 17 million) to Euro 342 million in 9M12, reflecting mainly: (1) lower traffic costs at TMN, following the impact of the regulated MTR cuts and lower roaming interconnection costs (Euro 14.5 million); (2) lower costs associated with the directories business (Euro 9 million); (3) higher costs associated with IT / IS solutions and outsourcing as a result of increased weight of these services (Euro 4 million), and (4) higher costs associated with higher international traffic. In 9M12 programming costs increased by 1.9% y.o.y to Euro 91 million, while programming costs per customer declined by 19.0% y.o.y. Commercial costs decreased by 2.9% y.o.y (Euro 7 million) to Euro 218 million in 9M12, reflecting lower commissions and also lower marketing and publicity, which more than compensated the growth in cost of goods sold due to higher sales of smartphones with higher subsidies associated. This good performance of commercial costs, achieved against a backdrop of continued customer growth, also reflects lower churn. This is particularly observed in TV customers, as not only the FTTH has lower churn than ADSL and satellite, but also churn has been coming down across all technologies. Other operating expenses decreased by 6.4% y.o.y in 9M12 to Euro 383 million, explained by lower maintenance and repairs, following the rollout of PT s FTTH network, and lower support services.

22

Table of Contents

Structural costs benefits of the FTTH and 4G LTE networks and the extensive field force transformation programme continue to be visible with improved quality of service and lower cost structure.

In 9M12, EBITDA in Portugal stood at Euro 916 million (-7.7% y.o.y) with a margin of 44.9% (-0.8pp y.o.y). EBITDA performance reflected primarily the decline in service revenues (Euro 139 million), which have a higher operating leverage. In effect, service revenues less direct costs declined by Euro 122 million, while EBITDA only declined by Euro 77 million as a result of lower operating expenses.

In 9M12, capex decreased by 7.5% y.o.y to Euro 370 million, while customer related capex stood at Euro 138 million (+6.3% y.o.y), representing 37% of total capex in Portugal, as a result of customer growth in the last quarters in the residential segment that more than compensated lower unitary equipment costs. Infrastructure capex was down by 15.8% y.o.y to Euro 177 million, explained by the strong investments made during the last years, namely in the 2008-2011 period, in the deployment of the FTTH network, in the modernisation of the 2G network already 4G LTE-enabled, and the reinforcement of 3G and 3.5G networks in terms of coverage and capacity, leading now to a decrease in technology capex, notwithstanding the investments in the deployment of the 4G LTE network. EBITDA minus capex in 9M12 decreased by 7.9% y.o.y to Euro 546 million. Going forward, and particularly in 2012, PT s Portuguese telecommunications businesses capex will tend do decline double digit as PT s FTTH rollout will be concluded and notwithstanding the full rollout of PT s 4G LTE networks in 2012 and the investment in the data centre. Capex in the Portuguese telecommunications businesses should decline by circa Euro 100 million in 2012, when compared to 2011.

International Businesses

Oi

Oi has reorganised its business units in order to move its focus from product to customer segments, having defined three main customer segments and priorities: (1) residential: aiming at leveraging the largest residential customer base in Brazil; (2) personal mobility: aimed at improving the competitiveness to improve market share, and (3) corporate and SMEs: focused on maintaining the leadership position in the segment and penetrate new markets. As part of Oi s reorganisation, the company is also implementing a more aggressive commercial strategy, implementing regional commercial structures, restructuring its distribution network and stepping up investments in network, technology and innovation.

In 3Q12, Oi s revenue generating units (RGUs) stood at 73,265 thousand, up by 9.2% y.o.y, including: (1) 18,189 thousand residential RGUs (+1.7% y.o.y); (2) 45,568 thousand personal mobile customers, which grew by 11.7% y.o.y, and (3) 8,782 thousand enterprises RGUs, up by 15.6% y.o.y.

In 3Q12, in the residential segment, Oi showed a continued deceleration in the trend of line loss and an aceleration of broadband and pay-TV growth, which contributed to confirm the turnaround of the historical wireline trends, underpinned by the strengthening of convergent offers and increased broadband speeds, which bolster the loyalty of wireline customers, leading to residential ARPU growth. It is worth highlighting the launch of the fibre project, which involved the commercial deployment of a FTTH broadband pilot. In antecipation of

23

Table of Contents

the roll-out of the IPTV and triple-play offering on the fibre network, scheduled to take place in December 2012, Oi is now selling broadband speeds of 100Mb and 200Mb.

Oi operating data

	3Q12	3Q11	y.o.y
Residential RGUs (000)	**18,189**	**17,881**	**1.7%**
Fixed lines	12,610	13,277	(5.0)%
Fixed broadband	4,975	4,258	16.8%
Pay-TV	604	345	75.1%
ARPU (R$)	65.8	65.0	1.2%
Personal Mobility RGUs (000)	**45,568**	**40,798**	**11.7%**
Prepaid customers	39,483	35,657	10.7%
Postpaid customers + Oi controle	6,085	5,141	18.4%
Enterprises RGUs (000)	**8,782**	**7,595**	**15.6%**
Fixed lines	5,371	5,004	7.3%
Broadband	581	518	12.2%
Mobile	2,830	2,073	36.5%
Other (000)	726	797	(8.9)%
RGUs (000)	**73,265**	**67,070**	**9.2%**

In the residential segment, the focus remained on the strengthening of convergent offers to underpin operational performance. In fact, in 3Q12, Oi s residential RGUs stood at 18,189 thousand, with 309 thousand net additions in the past twelve months, reversing the historical annual trend of net disconnections. In 3Q12, the volume of disconnections declined 45% when compared to 3Q11. Oi s residential broadband customers reached 4,975 thousand in the quarter (+16.8% y.o.y and 3.5% q.o.q), due to both increased sales and lower churn. This performance is explained by: (1) the investments in coverage and quality of network; (2) the initiatives to protect customer base and speed upgrades; (3) the repositioning of broadband offering; (4) the new installation process, and (5) the strengthening of distribution channels. Network investments and system upgrades are allowing continued increases in average speed, bringing the average internet bandwidth to 3.0 Mbps in 3Q12. Additionally, 28.7% of residential broadband customers already have offers with speeds of more than 5 Mbps, as compared to 26.5% in 2Q12, of which approximately 50% have already speeds higher than 10 Mbps. Oi s residential TV customers reached 604 thousand, up by 75.1% y.o.y and 24.0% q.o.q, with 117 thousand net additions as compared to 91 thousand net additions in 2Q12 and 13 thousand net disconnections in 3Q11. In July 2012, Oi launched its quadruple-play offer through Oi TV HD, aiming to expand access to HD technology. Oi launched Oi TV Mais HD, the most comprehensive entry package on the market, with 56 paid channels (11 HD), for R$ 39.90 (for the first three months, after which the price increases to R$ 69.90) for Oi Velox or Oi Conta Total customers. The launch of Oi TV HD marks the end of HD offerings only available in packages for the premium segment.

Oi s mobile customers stood at 48,398 thousand (+12.9% y.o.y), with net additions of 604 thousand in 3Q12 and gross additions of 6,390 thousand. In the Personal Mobility segment, Oi s mobile customers stood at 45,568 (+11.7% y.o.y) with net additions of 370 thousand and gross additions of 5.9 million in 3Q12. In the quarter, Oi continued to focus on postpaid growth and increasing prepaid profitability. Postpaid customers increased by 18.4% y.o.y, reaching 6,085 thousand customers in 3Q12, with net additions of 294 thousand. This performance is mainly explained by both increased sales and lower churn and was achieved on the back of strenghtening Oi s offering with the launching of new plans. These plans include: (1) voice; (2) unlimited Oi Wi-Fi; (3) special

Table of Contents

services, and (4) discounts in data packages and SMS and are aimed at increasing customer retention. At the beginning of the year, loyalty plans accounted for nearly 20% of gross additions, while at end of September 2012 represented more than 90% of activations. Prepaid customers stood at 39,483 thousand in 3Q12, increasing by 10.7% y.o.y and representing 86.6% of Oi s Personal Mobility customer base (-0.6pp q.o.q and -0.8 y.o.y). This performance was underpinned by the restructuring of Oi s prepaid tariff plans that took place in 1Q12.

Oi s enterprise customers stood at 8,782 thousand in 3Q12, increasing by 15.6% y.o.y, underpinned by wireline, mobile and data growth and the expansion of value added services portfolio. These initiatives are aligned with the strategy to increase its focus on this segment, leveraging on mobile penetration and strengthening its IT offering. For the large corporate segment, Oi presented Oi Smart Cloud internet portal which works as a virtual store for companies that want to obtain Infrastructure as a Service and to have more information on data centre products and infrastructure.

The initiatives in place to strengthen the distribution channels, such as the increase of own stores, changes in the commissions model and more training of sales agents, also contributed to underpin the operational performance in the last quarters accross all segments.

In 9M12, Oi s pro-forma consolidated net revenues, as prepared by Oi, decreased by 0.9% y.o.y to R$ 20,752 million.

Oi pro-forma consolidated revenues (1) **R$ million, 100%**

	9M12	9M11	y.o.y
Residential	**7,385**	**8,103**	**(8.9)%**
Personal Mobility	**6,640**	**6,038**	**10.0%**
Services	4,596	4,247	8.2%
Network Usage	1,750	1,770	(1.1)%
Sales of handsets, sim cards and others	294	21	n.m.
Enterprises	**6,315**	**6,352**	**(0.6)%**
Other services	**412**	**457**	**(9.8)%**
Pro-forma consolidated net revenues	**20,752**	**20,949**	**(0.9)%**

(1) The pro-forma data amount refers to the old TNL as if the takeovers had occurred on 1 January 2012. Oi s earnings proportionally consolidated by PT differ from figures presented in the table above as they are adjusted in order to comply with PT s accounting policies, estimates and criteria, including differences regarding the income statement format.

In 9M12, Oi s residential revenues declined by 8.9% y.o.y to R$ 7,385 million, showing a strong sequencial improvement (3Q12: -3.8% y.o.y; 2Q12: -7.6% y.o.y and 1Q12: -11.5% y.o.y), due to the positive contribution of revenue from broadband and pay-TV services coupled with a significant reduction in fixed line churn. This performance is explained by a more comprehensive offering, which, through converging offers, strengthens the loyalty of wireline customers, leading to residential ARPU growth.

In 9M12, Oi s personal mobility revenues stood at R$6,640 million, having increased by 10.0% y.o.y. Oi s service revenues increased by 8.2% y.o.y to R$4,596 million, on the back of: (1) higher revenues from monthly fees due to postpaid customer growth; (2) increased traffic revenues underpinned by prepaid customer growth, and (3) higher revenues from 3G services.

Table of Contents

Oi pro-forma income statement (1) **R$ million, 100%**

	9M12	9M11	y.o.y
Pro-forma consolidated net revenues	**20,752**	**20,949**	**(0.9)%**
Pro-forma operating costs	**14,413**	**14,021**	**2.8%**
Interconnection	3,288	3,494	(5.9)%
Personnel	1,480	1,347	9.9%
Materials	110	127	(13.4)%
Cost of goods sold	335	148	126.4%
Third-Party Services	6,035	5,435	11.0%
Marketing	367	398	(7.8)%
Rent and Insurance	1,376	1,215	13.3%
Provision for Bad Debts	438	663	(33.9)%
Other Operating Expenses (Revenue), Net	983	1,194	(17.7)%
Pro-forma EBITDA (2)	**6,338**	**6,928**	**(8.5)%**
EBITDA margin	30.5%	33.1%	(2.6)pp

(1) The pro-forma data amount refers to the old TNL as if the takeovers had occurred on 1 January 2012. Oi s earnings proportionally consolidated by PT differ from figures presented in the table above as they are adjusted in order to comply with PT s accounting policies, estimates and criteria, including differences regarding the income statement format. **(2)** EBITDA = income from operations + depreciation and amortisation.

EBITDA, as reported by Oi, decreased by 8.5% y.o.y in 9M12, to R$6,338 million, with a margin of 30.5%. In 9M12, EBITDA performance reflected higher operating expenses (+2.8% y.o.y to R$14,413 million), as a result of an increase in: (1) third-party services (+11.0% y.o.y), mostly due to higher sales, increased content costs for pay-TV and higher expenses for logistics related to the new handset marketing strategy, and (2) cost of good solds (+126.4% y.o.y), explained by Oi s return to the handset market, in line with its strategy to focus on the high-value segment. This performance was achieved notwithstanding a decrease in the provision for bad debt.

Other international assets

In 9M12, other international assets, on a pro-forma basis, increased their proportional revenues by 23.4% y.o.y to Euro 398 million and increased EBITDA by 22.9% y.o.y to Euro 193 million, as a result of a solid operational and financial performance by the majority of PT s international assets, notwithstanding a high level of penetration in some markets and also by positive foreign exchange effects. In 3Q12, revenue and EBITDA of other international assets, on a pro-forma basis, grew by 25.4% and 30.0%, respectively.

Proportional financial information of other international assets (1) **Euro million**

	9M12	9M11	y.o.y
Operating revenues	**397.9**	**322.3**	**23.4**