

RESULTS
ANNOUNCEMENT
1Q17



The consolidated financial information disclosed in this report is based on unaudited financial statements, prepared in accordance with the International Financial Reporting Standards (IAS/IFRS), issued by the International Accounting Standards Board (IASB), as adopted by the European Union.

1. Main Highlights

Consolidated turnover of 36.1 million euros increasing 21.3% y.o.y fuelled by the technology area

NOS growing in all business segments both in terms of revenues and customers, compared to the same period in 2016

Technology area revenues reaching 32.9 million euros, growing 24.0% y.o.y., with International markets weighting 44.9%

Net income of 4.5 million, significantly above 1Q16

2. Sonaecom Consolidated Results

Telecommunications area, which includes a 50% stake in ZOPT - consolidated through the equity method - which owns 52.15% stake in NOS, continues with a strong performance.

Operating Revenues grew by 2.9% to 381 million euros driven by growth of 6.5% in the number of RGUs. EBITDA showed another quarter with a robust growth whilst maintaining committed to bringing its next generation networks to the entire country, reflected in its capital expenditure.

Technology area continued to pursue its active portfolio strategy, managing more than 60 active processes across all investment stages.

Turnover

Consolidated turnover in 1Q17 reached 36.1 million euros, increasing 21.3% when compared to 1Q16, driven by a 3.1% increase in service revenues and a 61.2% increase in sales.

Operating costs

Operating costs amounted to 36.9 million euros, 20.5% above 1Q16. Personnel costs grew 15.0% reflecting the increase in the average number of employees. Commercial costs increased 69.7% to 14.1 million euros, driven by the increase in cost of goods sold, aligned with the higher level of sales. The decline in other operating costs is mainly explained by the lower level of Outsourcing services.

EBITDA

Total EBITDA stood at 6.8 million euros, 52.5% above 1Q16, essentially on the back of equity results increase, which are impacted mostly by ZOPT contribution which, in turn, depends on NOS net income evolution. Underlying EBITDA also increased by 21.7%.

Net results

Sonaecom's EBIT increased 114.8% to 4.3 million euros, mainly explained by the higher level of EBITDA.

Net financial results reached positive 0.1 million euros in 1Q17. In 1Q16, net financial results were negatively impacted by NOS direct stake fair value adjustment at market price (until its sale in June 2016), amounting to negative 15.9 million euros.

Sonaecom's earnings before tax (EBT) increased to a positive 4.4 million euros, mainly driven by the higher net financial results.

Indirect results of negative 0.2 million euros are related with the Armilar Venture Funds.

Net results group share stood at 4.5 million euros, which compares with negative 12.4 million euros in 1Q16.

Operating CAPEX

Sonaecom's operating CAPEX increased to 2.0 million euros, reaching 5.6% of turnover, 0.5 p.p. below 1Q16.

Capital structure

The cash position increased 39.9 million euros since March 2016 reaching 205.9 million euros.

2.1 Telecommunications

NOS operating revenues were 381 million euros in 1Q17, growing 2.9% y.o.y. EBITDA reached 143.6 million euros, increasing 4.2% when compared to 1Q16 and representing a 37.7% EBITDA margin. CAPEX amounted to 87.1 million euros in 1Q17, a decrease of 8.4% y.o.y. As a consequence of EBITDA and CAPEX evolution, EBITDA- CAPEX increased 32.1%.

At the end of the quarter, net financial debt totalled 1,053 million euros, 5.3% lower than at the end of 2016 and equal to 1.9x EBITDA, a conservative ratio compared to its peers in the sector.

NOS published its 1Q17 results on 27th April, 2017, which are available at www.nos.pt.

During 1Q17, NOS share price decreased 9.4% from €5.638 to €5.110, whilst PSI20 increased by 7.0%.

Operational Indicators

| Operational Indicators ('000) | 1Q16 | 1Q17 | Δ 17/16 | 4Q16 | q.o.q. |
|-------------------------------|---------|---------|---------|---------|--------|
| Total RGUs | 8,595.0 | 9,155.2 | 6.5% | 9,076.8 | 0.9% |
| Convergent RGUs | 2,988.0 | 3,498.1 | 17.1% | 3,387.2 | 3.3% |

Financial indicators

| Million euros | 1Q16 | 1Q17 | Δ 17/16 | 4Q16 | q.o.q. |
|-----------------------|-------|-------|---------|-------|--------|
| NOS HIGHLIGHTS | | | | | |
| Operating Revenues | 370.3 | 381.0 | 2.9% | 390.9 | -2.5% |
| EBITDA | 137.9 | 143.6 | 4.2% | 125.0 | 14.9% |
| EBITDA margin (%) | 37.2% | 37.7% | 0.5pp | 32.0% | 5.7pp |
| Net Income | 24.4 | 31.4 | 28.7% | 12.0 | 162.1% |
| CAPEX | 95.1 | 87.1 | -8.4% | 100.0 | -12.9% |
| EBITDA-CAPEX | 42.8 | 56.5 | 32.1% | 24.9 | 126.7% |

2.2 Technology

The Technology area aims to build and manage a portfolio of technology businesses around retail and telecommunications with an international scale. This area currently comprises, alongside with minority stakes and Bright Pixel, five controlled companies – WeDo Technologies, S21Sec, Saphety, Bizdirect and Inovretail - that generated circa 44.9% of its revenues outside the Portuguese market with 40% out of the total 1,010 employees based abroad.

WeDo Technologies is a worldwide leader in Revenue Assurance and Fraud Management software that works with more than 180 telecommunications operators in over 100 countries. The international markets represented 76.1% of its quarterly turnover. WeDo Technologies' market leadership was recognized by Stratecast (Frost & Sullivan's Stratecast Global Communication Services Providers Financial Assurance Market Leadership), and the excellence of its products and implementations were recognized by Falcon Business Research (Best Revenue Assurance & Fraud Management Solution) and Informa BSS&OSS Latam Awards (Best Revenue Assurance Solution), amongst others.

During 1Q17, WeDo Technologies hosted a regional event in Malaysia, with over 85 attendees, including 17 Telecom Operators. It also marked its presence at the Mobile World Congress in Barcelona, where it launched an online platform for Telecom Operators, so that they can take advantage of a series of cloud-based applications that tackle fraud, revenue loss and other telecom operational issues. RAID.Cloud also features ground breaking applications in customer digital profiling, customer experience management and crowdsourced service assurance analytics, leveraging the latest technologies in Artificial Intelligence and Machine Learning.

During this quarter, the company acquired six new telecom customers - in Moldova, Greece, Australia, Sri Lanka and in the UK.

It is also worth noting that WeDo Technologies signed a Global Partnership agreement with Ericsson, aiming at helping Operators in maximizing the value of their digital transformation investments, through smarter risk management and revenue stream protection.

S21Sec is a leading multinational cybersecurity player, focused exclusively on the delivery of cyber security services and development of proprietary supporting technologies. Since its foundation, the company has grown through constant R&D investment and today works with a global customer base, leveraging its teams in Spain, Portugal and Mexico, supported by a network of selected partners that ensure local support and touch points in other key markets.

S21sec has a strong commitment to the government sector and a recurrent collaboration with law enforcement agencies.

During 1Q17, its strategy focused on its own product Lookwise Device Manager (LDM), a world-class product for the ATM Protection market, and on Managed Services evolved very positively with relevant contracts being signed with Mexican Banks and with a leading global Bank, the latter with a project including a significant number of licenses.

With a positive impact on brand visibility in Spain, S21sec powered Cyber Sec Event 2017 in San Sebastián, an event oriented for the educational segment.

Saphety is a solutions provider for business processes optimization that has a strong position in electronic invoicing and EDI (Electronic Data Interchange) market as well as in data synchronization for GSI worldwide organizations.

This period has been marked by a market share reinforcement at Saphety GOV with 49 new customers. Saphety DOC also presented growth while EBP (Electronic Billing Presentment) project at Oi is being deployed. After being homologated as an invoice platform by Colombian authorities in 2016, during this quarter Saphety closed its first Saphety DOC contract in this country.

Saphety's customer base has now over 8,500 customers and 130,000 users in 34 countries with international markets representing more than 30% of total revenues.

Bizdirect is a technology company specialized in IT solutions commercialization, consulting and management of corporate software licensing contracts and Microsoft solutions integration.

During 1Q17, its Cloud business unit, focused in Microsoft contract management and infrastructure sale, grew more than 50% in revenues versus 1Q16 and its Nearshore business model, supported by Bizdirect Competence Center in Viseu, won 3 new customers.

International revenues represented 6.3% of total Turnover and Bizdirect notoriety in European market is growing. Nearshore already counts with 28 international customers from 15 countries.

InovRetail is a company focused in the development of advanced analytics tools, aiming to assist retailers in improving performance, by making more informed decisions. The company's main product is the predictive analytics engine, Smart Measure, that provides highly reliable forecasts of sales, promotion impacts and stock levels, based on machine learning algorithms that combine data from the retailers' stores and sales, as well as from over 100 external sources. The next steps include accelerating growth in existing markets, as well as penetrating new ones, through the investment in building up the team, improving the SaaS platform and reinforcing R&D.

Bright Pixel, publicly launched in April 2016, is a company builder studio whose goal is to transform the creation of new ventures and the way companies address innovation. Bright Pixel is managing a venture lifecycle going from experimentation and lab phases that has the objective to identify ideas and projects that should be brewed in its incubation programme. Bright Pixel invests and supports the development of internally brewed projects as well as assisting their first batch of invited startups in their product development roadmap and market rollout.



Probe.ly, having started as an internal project, won the *Caixa Capital Empreender Award 2017*, is now transitioning from MVP (minimum valuable product) to an independent startup.

Bright Pixel is also investing in events, like Pixels Camp, to link its activity to the tech community as well as promoting a close relationship with its partners, by developing quick proof of concepts aimed at resolving technology and business needs in themes such as retail, media, cyber-security and telecommunications.

StyleSage is a strategic analytics SaaS platform that helps fashion, home and beauty retailers and brands with critical pre, in and post season decisions globally. Every day, StyleSage pulls product data from competitors' ecommerce websites from around the world. Then, with groundbreaking technology in machine learning and visual recognition, StyleSage cleans, organizes, and analyzes the massive amounts of collected data into a cloud-based dashboard that empowers brands and retailers to make informed, data-driven decisions in areas such line planning, markdown optimization, and global expansion.

Armilar Venture Funds are the 3 Venture Capital funds in which Sonae IM owns participation units acquired to Novo Banco. With this transaction, concluded in December 2016, Sonae IM reinforced its portfolio with sizeable stakes in leading edge companies such as Outsystems and Feedzai, both consistently presenting meaningful and sustainable levels of growth.

Financial indicators

| Million euros | | | | | |
|--------------------------------------|-------------|-------------|--------------|-------------|---------------|
| TECHNOLOGY AREA | 1Q16 | 1Q17 | Δ 17/16 | 4Q16 | q.o.q. |
| Turnover | 26.6 | 32.9 | 24.0% | 28.8 | 14.4% |
| Service Revenues | 19.3 | 19.9 | 3.2% | 22.1 | -10.3% |
| Sales | 7.3 | 13.1 | 78.6% | 6.6 | 96.6% |
| Other Revenues | 0.3 | 0.3 | 6.0% | 0.4 | -34.9% |
| Operating Costs | 26.3 | 32.5 | 23.7% | 27.7 | 17.5% |
| Personnel Costs | 10.0 | 11.8 | 17.2% | 10.8 | 8.7% |
| Commercial Costs ⁽¹⁾ | 7.3 | 13.0 | 77.6% | 6.7 | 92.9% |
| Other Operating Costs ⁽²⁾ | 8.9 | 7.7 | -13.4% | 10.1 | -23.5% |
| EBITDA | 0.5 | 0.7 | 29.2% | 1.5 | -54.7% |
| EBITDA Margin (%) | 2.0% | 2.1% | 0.1pp | 5.3% | -3.2pp |
| Operating CAPEX ⁽³⁾ | 1.8 | 1.8 | 2.1% | 2.1 | -14.1% |
| Operating CAPEX as % of Turnover | 6.7% | 5.5% | -1.2pp | 7.3% | -1.8pp |
| EBITDA - Operating CAPEX | -1.2 | -1.1 | 9.7% | -0.6 | -95.1% |
| Total CAPEX | 1.8 | 2.4 | 37.9% | 34.4 | -92.9% |

(1) Commercial Costs = COGS + Mktg & Sales; (2) Other Operating Costs = Outsourcing Services + G&A + Provisions + others;

(3) Operating CAPEX excludes Financial Investments.

Turnover

Turnover increased 24.0% y.o.y., to 32.9 million euros. Service Revenues increased 3.2% to 19.9 million euros while Sales grew 78.6% to 13.1 million euros.

Operating costs

Operating costs increased 23.7%, reaching 32.5 million euros, impacted by higher staff costs and higher commercial costs, despite lower other operational costs. Staff costs increased 17.2% driven by the growth in the number of employees. Commercial costs increased 77.6% driven by cost of goods sold, aligned with the higher level of sales, and other operating costs decreased 13.4%, mainly explained by lower levels of outsourcing costs.

EBITDA

EBITDA reached 0.7 million euros, increasing 29.2% y.o.y., and reaching a margin of 2.1%.

EBITDA-operating CAPEX

EBITDA-operating CAPEX stood at negative 1.1 million euros, increasing when compared to 1Q16, explained by the higher level of EBITDA.



2.3 Media

During 1Q17, Público continued to follow its digital strategy reinforcing digital competencies and presence in online platforms. Moreover, the company continued to be recognized by SND (Society for News Design), that had already attributed an Award of Excellence, in the 2016 Best of Digital Design competition. During 1Q17, Público was also awarded by “Prémio 5 Estrelas”, in the Social Communication Players category, as one of the preferred brands in Portugal.

Since October 2016, with the new Editorial Direction, the company has been able to implement important initiatives aimed at strengthening Público as the reference Portuguese speaking news organisation: editorial newsletters launch, opinion panel renovation, offline distribution improvement and digital skills reinforcement, while developing two digital media projects funded by Google DNI (Digital News Initiatives) Innovation Funds.

The positive performance of advertising revenues (both online and offline) coupled with online subscriptions growth more than offset circulation decline, having translated into an overall 1.9% revenue growth, when compared to 1Q16, bucking the market trend. Recurrent EBITDA, despite negative, increased 19.0%, when compared to the same period last year.

3. Subsequent events

On April 28th, 2017, at the company's Annual General Meeting, Sonaecom's shareholders decided the following:

1. To approve the Company's Annual Report and the Individual and Consolidated Accounts for the year ended 31 December 2016;
2. To approve the Board of Directors proposal to allocate the net income of Sonaecom Individual accounts, in the amount of 35,003,700.44 euros as follows:
 - a. 1,750,185.02 euros to legal reserves;
 - b. 23,973,182.85 euros is paid to shareholders;
 - c. Transfer of the remaining 9,280,332.57 euros to "Other reserves";

Considering that it will not be possible to determine precisely the number of own shares that will be held by the company on the date of the abovementioned payment, without limiting the company's capacity for intervention, it was highlighted the following:

- To each share issued will be paid the gross amount of 0.077 euros;
 - The amount corresponding to the shares that belong to the Company itself on the day of the payment of the abovementioned amount (calculated on said unit amount of 0.077 euros per issued share) will not be paid to shareholders, but will instead be maintained in other reserves;
3. To approve a vote of appreciation and confidence in the work performed by the Board of Directors, Statutory Audit Board and Statutory External Auditor of Sonaecom, SGPS, S.A., during the year ended 31 December 2016;
 4. To approve the Remuneration Policy adopted for the members of the Statutory Governing Bodies and for Persons Discharging Managerial Responsibilities ("Dirigentes"), as well as Sonaecom's shares attribution plan, and respective Regulations to be applied by the Remuneration Committee, under the proposal previously disclosed;
 5. To authorise the Board of Directors, over the next 18 months, to purchase and sale of own shares up to the legal limit of 10% as per the terms of the proposal presented by that body and previously disclosed;
 6. To authorise the Board of Directors, over the next 18 months, and under the terms of Paragraph 2 of Article 325-B of Portuguese Company Law, the purchase and holding of shares of the Company by its controlled companies, as per the terms of the proposal presented by that body and previously disclosed.

On May 4th, 2017 Sonaecom announced that the payment of the dividends will occur on May 26th.

4. Appendix

Consolidated income statement

| Million euros | | | | | |
|---|--------------|-------------|---------------|-------------|---------------|
| CONSOLIDATED INCOME STATEMENT | 1Q16 | 1Q17 | Δ17/16 | 4Q16 | q.o.q. |
| Turnover | 29.8 | 36.1 | 21.3% | 32.4 | 11.4% |
| Service Revenues | 20.5 | 21.1 | 3.1% | 23.8 | -11.3% |
| Sales | 9.3 | 15.0 | 61.2% | 8.6 | 74.0% |
| Other Revenues | 0.4 | 0.4 | 5.8% | 0.6 | -25.6% |
| Operating Costs | 30.6 | 36.9 | 20.5% | 32.8 | 12.5% |
| Personnel Costs | 12.5 | 14.4 | 15.0% | 13.7 | 4.7% |
| Commercial Costs ⁽¹⁾ | 8.3 | 14.1 | 69.7% | 8.0 | 76.2% |
| Other Operating Costs ⁽²⁾ | 9.9 | 8.5 | -14.1% | 11.1 | -23.8% |
| EBITDA | 4.5 | 6.8 | 52.5% | 1.4 | - |
| Underlying EBITDA ⁽³⁾ | -0.4 | -0.3 | 21.7% | 0.2 | - |
| Equity method ⁽⁴⁾ | 4.9 | 7.1 | 45.9% | 1.2 | - |
| Underlying EBITDA Margin (%) | -1.5% | -0.9% | 0.5pp | 0.6% | -1.6pp |
| Depreciation & Amortization | 2.4 | 2.5 | 1.0% | 7.5 | -67.0% |
| EBIT | 2.0 | 4.3 | 114.8% | -6.1 | - |
| Net Financial Results | -15.9 | 0.1 | - | -0.1 | - |
| Financial Income | 1.2 | 0.8 | -29.6% | 0.6 | 28.8% |
| Financial Expenses | 17.1 | 0.7 | -95.7% | 0.7 | 2.2% |
| EBT | -13.9 | 4.4 | - | -6.2 | - |
| Tax results | 1.1 | 0.3 | -77.2% | 19.8 | -98.7% |
| Direct Results | -12.7 | 4.7 | - | 13.7 | -65.7% |
| Indirect Results⁽⁵⁾ | - | -0.2 | - | 28.5 | - |
| Net Income | -12.7 | 4.5 | - | 42.1 | - |
| Group Share | -12.4 | 4.5 | - | 42.1 | -89.4% |
| Attributable to Non-Controlling Interests | -0.4 | 0.0 | - | 0.0 | - |

(1) Commercial Costs = COGS + Mktg & Sales Costs; (2) Other Operating Costs = Outsourcing Services + G&A + Provisions + others;

(3) Includes the businesses fully consolidated by Sonaecom;

(4) Includes the 50% holding in Unipress, the 45% holding in SIRS, the 50% holding in BigData and the 50% holding in ZOPT;

(5) Includes goodwill related with AVP funds.

Consolidated balance sheet

Million euros

| CONSOLIDATED BALANCE SHEET | 1Q16 | 1Q17 | Δ 17/16 | 4Q16 | q.o.q. |
|--|----------------|----------------|--------------|----------------|--------------|
| Total Net Assets | 1,060.4 | 1,108.5 | 4.5% | 1,104.5 | 0.4% |
| Non Current Assets | 766.1 | 820.3 | 7.1% | 812.8 | 0.9% |
| Tangible and Intangible Assets | 28.4 | 29.6 | 4.2% | 30.1 | -1.8% |
| Goodwill | 26.3 | 23.7 | -10.2% | 23.7 | -0.1% |
| Investments | 703.9 | 754.3 | 7.2% | 746.6 | 1.0% |
| Deferred Tax Assets | 7.2 | 9.3 | 29.5% | 9.3 | 0.3% |
| Others | 0.3 | 3.4 | - | 3.1 | 10.1% |
| Current Assets | 294.3 | 288.2 | -2.1% | 291.7 | -1.2% |
| Trade Debtors | 37.5 | 38.4 | 2.2% | 47.1 | -18.6% |
| Liquidity | 172.7 | 211.4 | 22.4% | 210.3 | 0.5% |
| Others | 84.1 | 38.5 | -54.2% | 34.3 | 12.3% |
| Shareholders' Funds | 999.6 | 1,037.4 | 3.8% | 1,033.1 | 0.4% |
| Group Share | 1,001.6 | 1,037.5 | 3.6% | 1,033.3 | 0.4% |
| Non-Controlling Interests | -2.1 | -0.1 | 94.1% | -0.2 | 21.1% |
| Total Liabilities | 60.8 | 71.1 | 16.9% | 71.3 | -0.3% |
| Non Current Liabilities | 8.8 | 18.2 | 106.4% | 19.7 | -7.6% |
| Bank Loans | 4.5 | 3.4 | -26.0% | 3.8 | -10.6% |
| Provisions for Other Liabilities and Charges | 3.0 | 4.5 | 49.1% | 4.9 | -8.9% |
| Others | 1.3 | 10.4 | - | 11.1 | -6.0% |
| Current Liabilities | 52.0 | 52.9 | 1.7% | 51.6 | 2.4% |
| Loans | 1.0 | 1.2 | 15.8% | 1.2 | -3.7% |
| Trade Creditors | 18.5 | 16.1 | -13.3% | 15.6 | 3.0% |
| Others | 32.4 | 35.6 | 9.8% | 34.7 | 2.4% |
| Operating CAPEX ⁽¹⁾ | 1.8 | 2.0 | 10.9% | 2.4 | -14.2% |
| Operating CAPEX as % of Turnover | 6.2% | 5.6% | -0.5pp | 7.3% | -1.7pp |
| Total CAPEX | 1.8 | 2.7 | 45.3% | 34.7 | -92.3% |
| Underlying EBITDA - Operating CAPEX | -2.3 | -2.4 | -4.7% | -2.2 | -9.6% |
| Gross Debt | 6.8 | 5.5 | -20.1% | 6.0 | -9.5% |
| Net Debt | -166.0 | -205.9 | -24.1% | -204.2 | -0.8% |

(1) Operating CAPEX excludes Financial Investments.

Consolidated levered FCF

Million euros

| LEVERED FREE CASH FLOW | 1Q16 | 1Q17 | Δ 17/16 | 4Q16 | q.o.q. |
|--|-------------|-------------|--------------|--------------|--------------|
| Underlying EBITDA-Operating CAPEX | -2.3 | -2.4 | -4.7% | -2.2 | -9.6% |
| Change in WC | 0.7 | 5.2 | - | -4.4 | - |
| Non Cash Items & Other | 0.0 | -1.4 | - | 2.9 | - |
| Operating Cash Flow | -1.6 | 1.4 | - | -3.7 | - |
| Investments | 0.0 | 0.0 | - | -35.0 | 100.0% |
| Dividends | 0.0 | 0.0 | - | 0.0 | - |
| Financial results | -1.2 | 0.1 | - | 0.9 | -84.4% |
| Income taxes | -0.2 | 0.2 | - | -0.2 | - |
| FCF⁽¹⁾ | -3.0 | 1.7 | - | -37.9 | - |

(1) FCF Levered after Financial Expenses but before Capital Flows and Financing related up-front Costs.

Sonaecom SGPS is listed on the Euronext Stock Exchange. Information is available on Reuters under the symbol SNC.LS and on Bloomberg under the symbol SNC:PL.

SAFE HARBOUR

This document may contain forward-looking information and statements, based on management's current expectations or beliefs. Forward-looking statements are statements that are not historical facts.

These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in regulation, the telecommunications industry and economic conditions; and the effects of competition. Forward-looking statements may be identified by words such as "believes", "expects", "anticipates", "projects", "intends", "should", "seeks", "estimates", "future" or similar expressions.

Although these statements reflect our current expectations, which we believe are reasonable, investors, analysts and, generally, the recipients of this document are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. You are cautioned not to put undue reliance on any forward-looking information or statements. We do not undertake any obligation to update any forward-looking information or statements.

Report available on Sonaecom's corporate website

www.sonae.com

Investor Relations Contacts

Investor.relations@sonae.com

Tlf: +351 22 013 23 49