

A stylized silhouette of a city skyline in shades of blue, positioned above a large blue gradient area that occupies the bottom half of the slide. The skyline includes various building shapes and a structure resembling a stadium or arena on the right side.

BUSINESS TO CONSUMER

Lisbon, 29 & 30 October 2012

IMPORTANT NOTICE

This release contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements are not statements of historical facts, and reflect goals of the company's management.

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

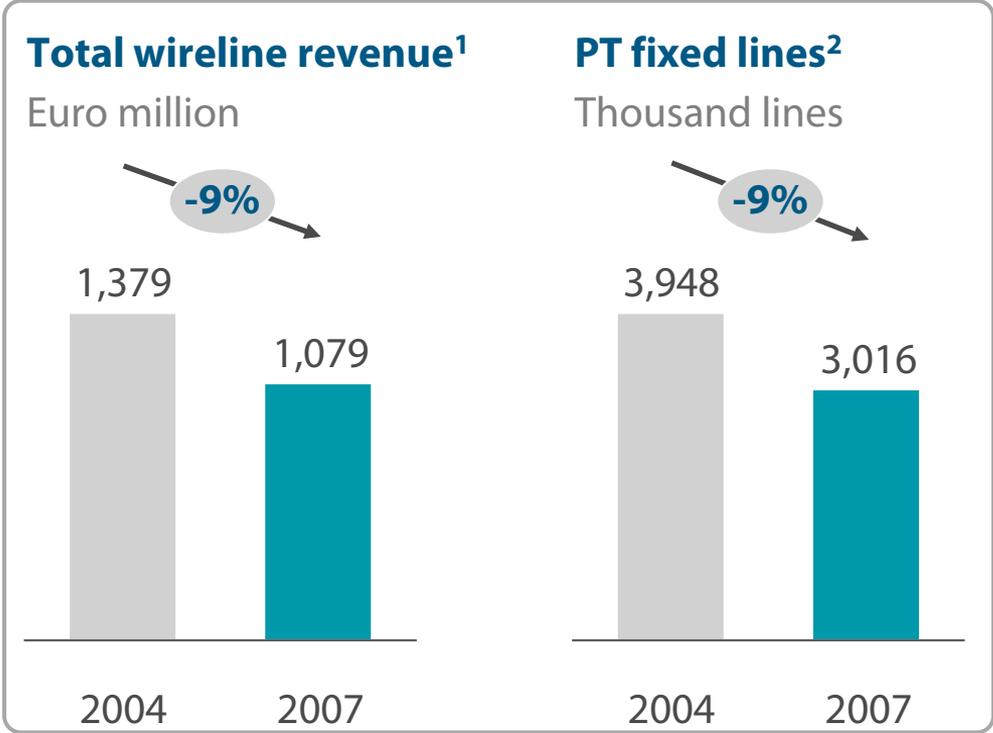
WHERE DO WE STAND?

Luis Nascimento | Head of residential segment CRM

SIGNIFICANT CHALLENGES AT THE END OF 2007

CAGR

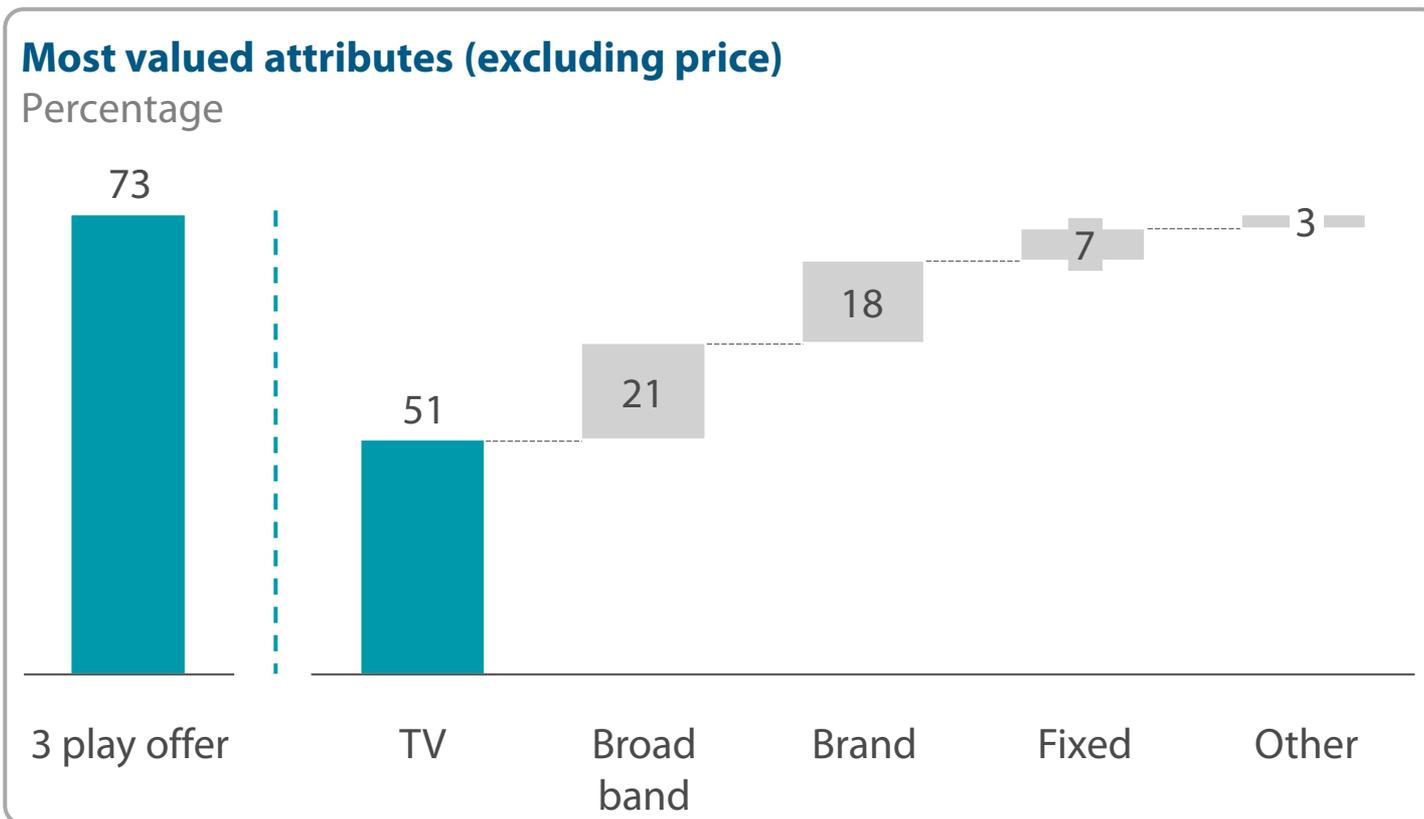
- Restrictive regulatory environment for incumbent
- Fixed-mobile substitution
- Strong cable competition



1 Considers retail revenues only, excludes wholesale, corporate and other revenues (mainly ISP and directories);

2 PSTN/ISDN

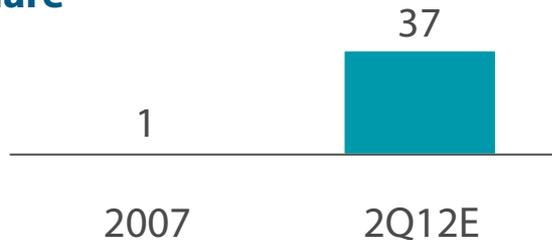
THE PARADIGM WAS CHANGING



WIRELINE TURNAROUND ON THE BACK OF TV & BB

TV market share

Percentage



Customers¹

21

1,110

Broadband market share

Percentage



Customers¹

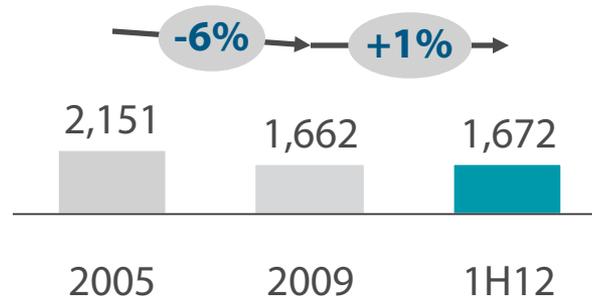
652

1,169

Voice subscribers

Thousand

○ CAGR

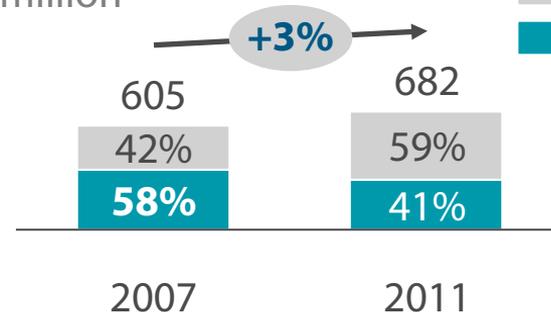


Revenues

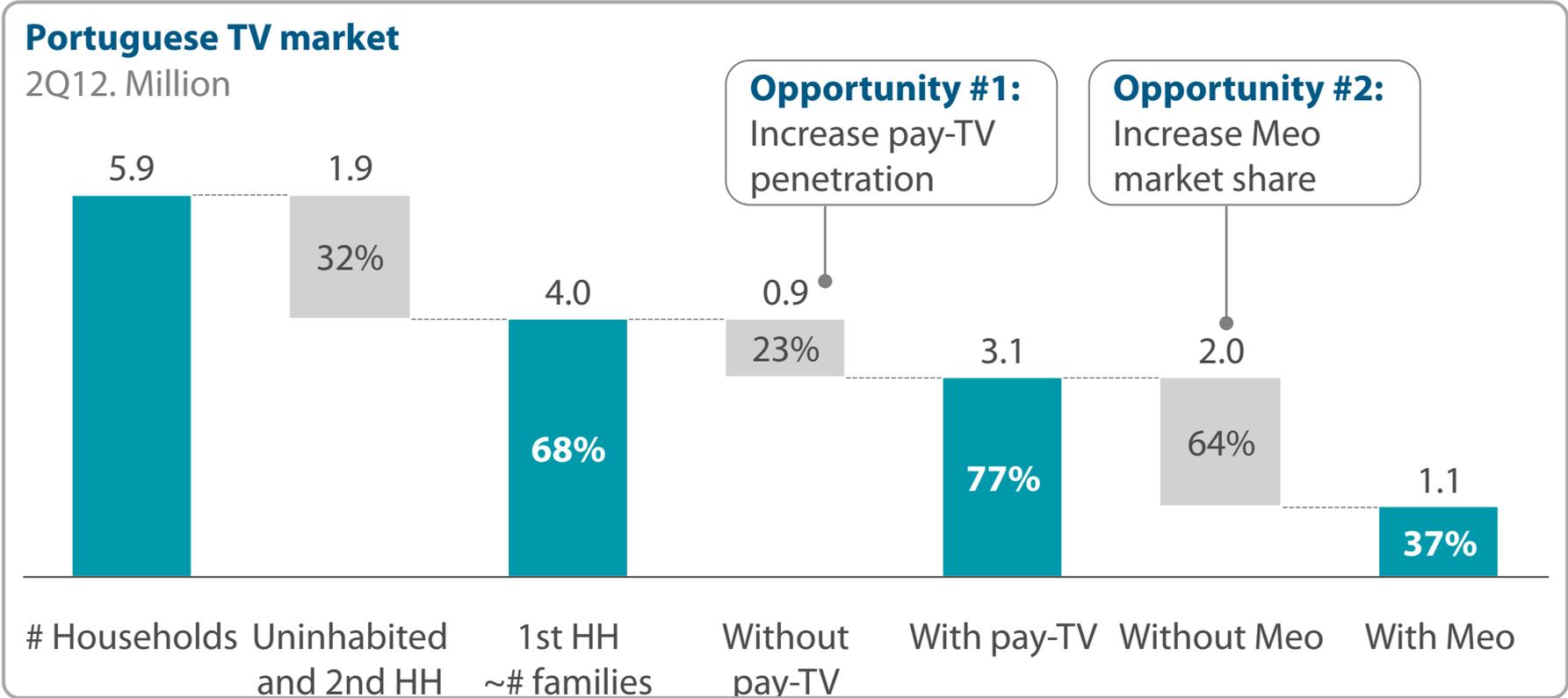
Euro million

■ Non-voice

■ Voice



A SNAPSHOT OF THE PORTUGUESE MARKET



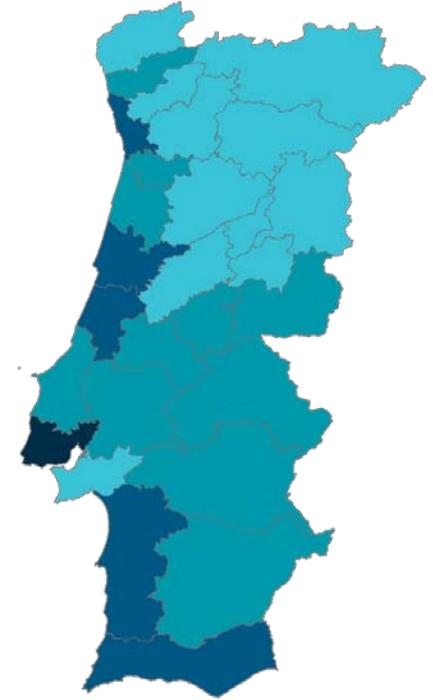
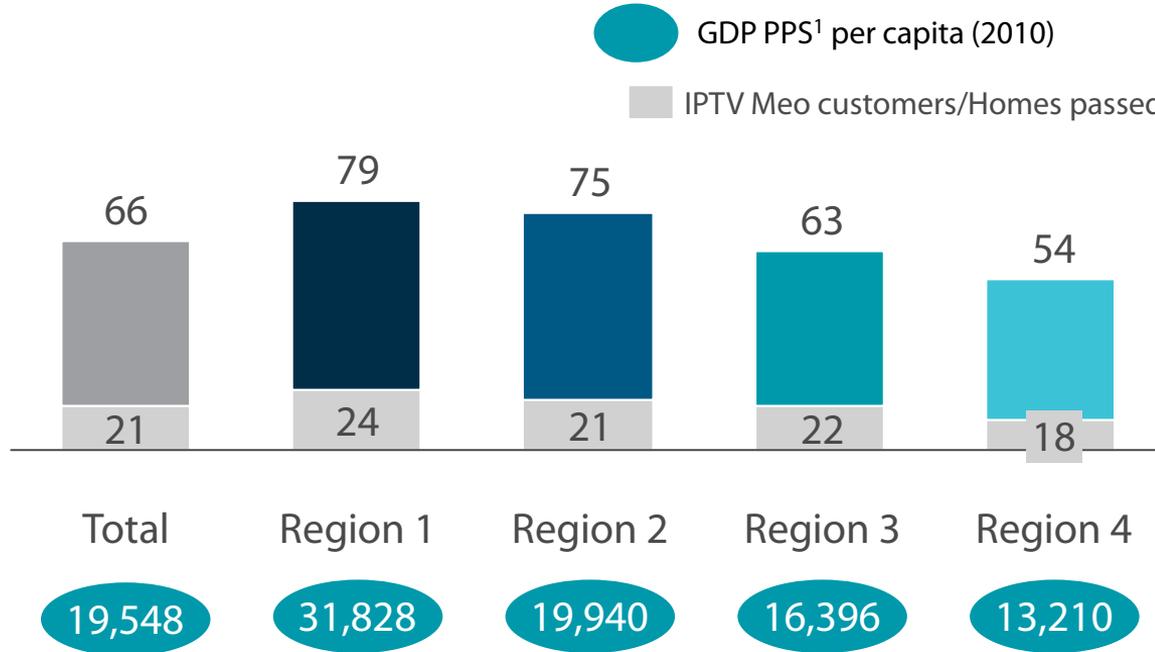
SOURCE: INE Census 2011 preliminary values, Anacom 1Q12

PT HAS BEEN TARGETING HIGH POTENTIAL AREAS

IPTV enabled homes per total households

Percentage

100% coverage in DTH



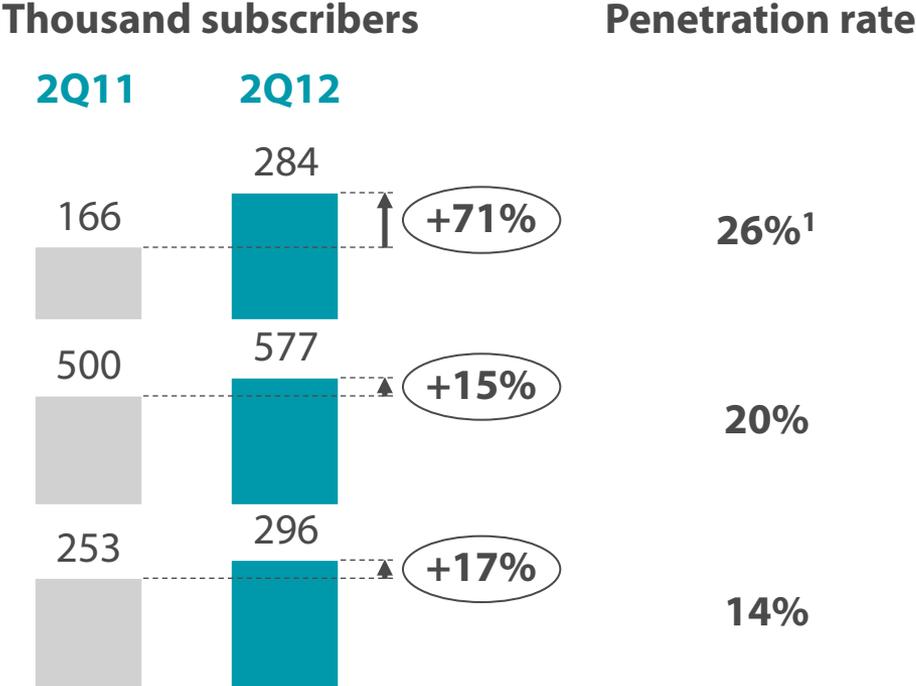
1 Purchasing power standard

Note: Region 1: PIB PPS per capita >25.000€; Region 2: 19.000€ – 25.000€; Region 3: 14.500€ - 9.000€;

Region 4: <14.500€

SOURCE: INE (CENSOS 2011)

PENETRATION OF TV SUBSCRIBERS STILL OFFERS ROOM TO GROW

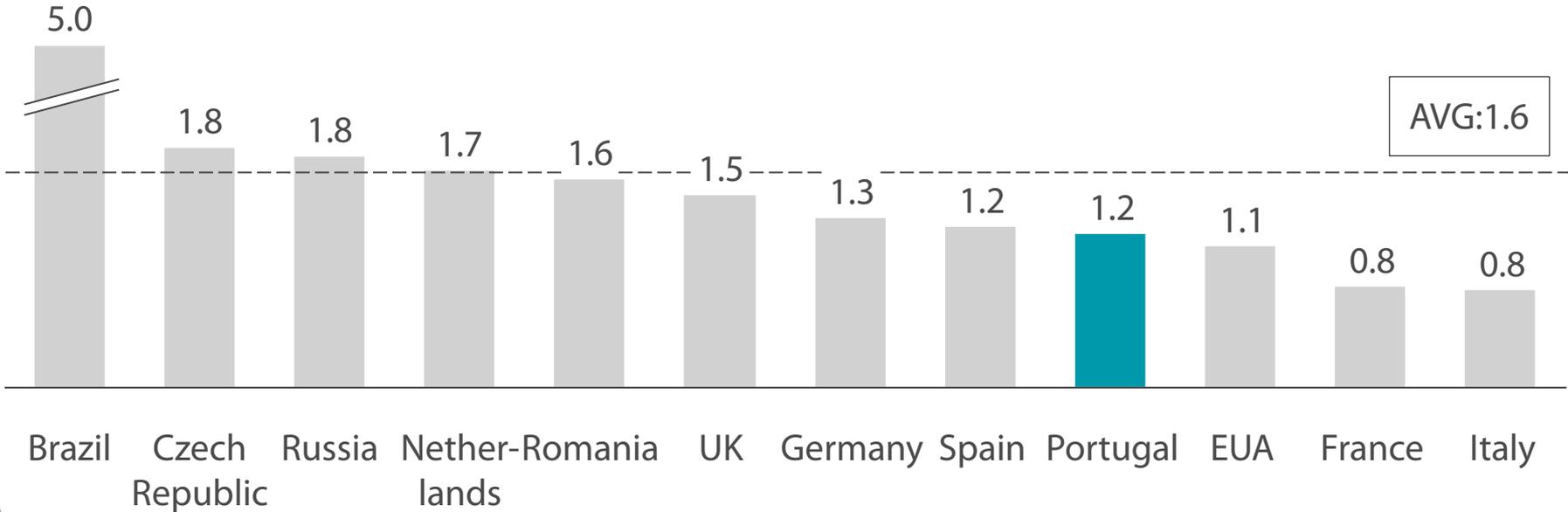


¹ Assuming an average number of commercially available homes from September 2011 to August 2012

3P IS A LOW PERCENTAGE OF HH INCOME

Cost of 3 Play bundle¹ / Household income

2012E. Percentage



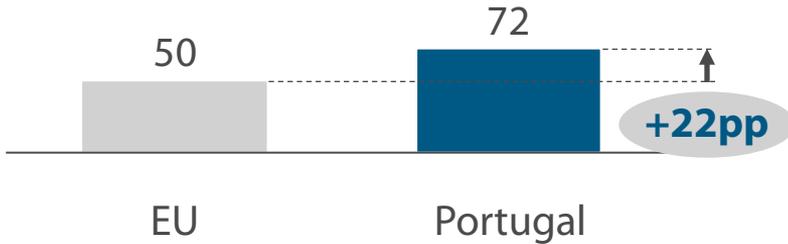
¹ 3P cost as a percentage of household income. 3P monthly fees refer to bundled offers with at least the following characteristics: Internet download speed of 6Mbps, 15 TV channels and unlimited fixed voice at nights and weekends.

SOURCE: Analyst reports; EIU viewswire and company website; OECD Communications Outlook 2011

PORTUGAL IS ONLINE BUT THERE'S STILL UPSIDE

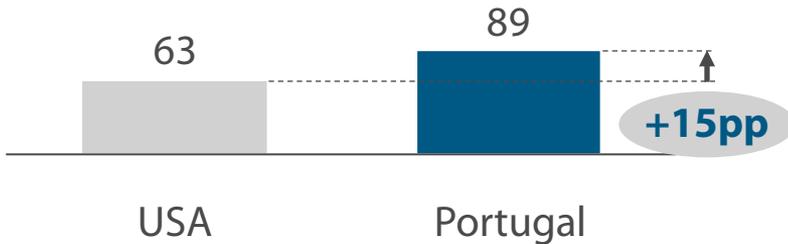
Students accessing the internet¹

Percentage. 2010



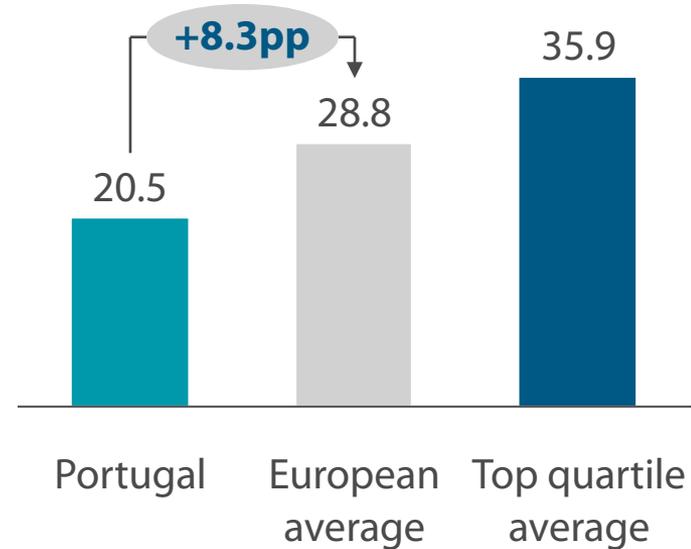
Facebook penetration in online users

Percentage



Fixed broadband penetration

Percentage. Jan 2011



¹ Percentage of individuals aged 16 to 74

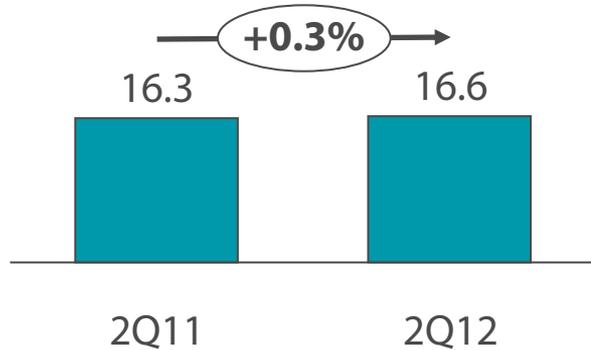
SOURCE: Eurostat; <http://www.socialbakers.com/facebook-statistics/portugal>

MOBILE MARKET SNAPSHOT

Mobile subscribers

2Q12. Million

156% of mobile penetration



MKT Share

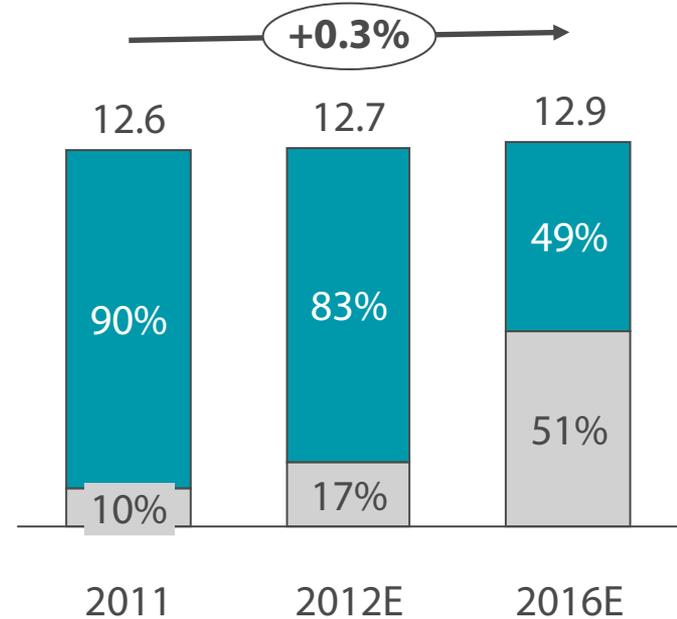
44.9%

44.9%

Handset market

Portugal . Million

Other handsets
Smartphones



KEY FOCUS AREAS



TV as a service
IPTV/DTH

How to grow pay-TV penetration and Meo market share through a differentiated value proposition ?



Apps

How to monetise eye balls across PT's several platforms ?



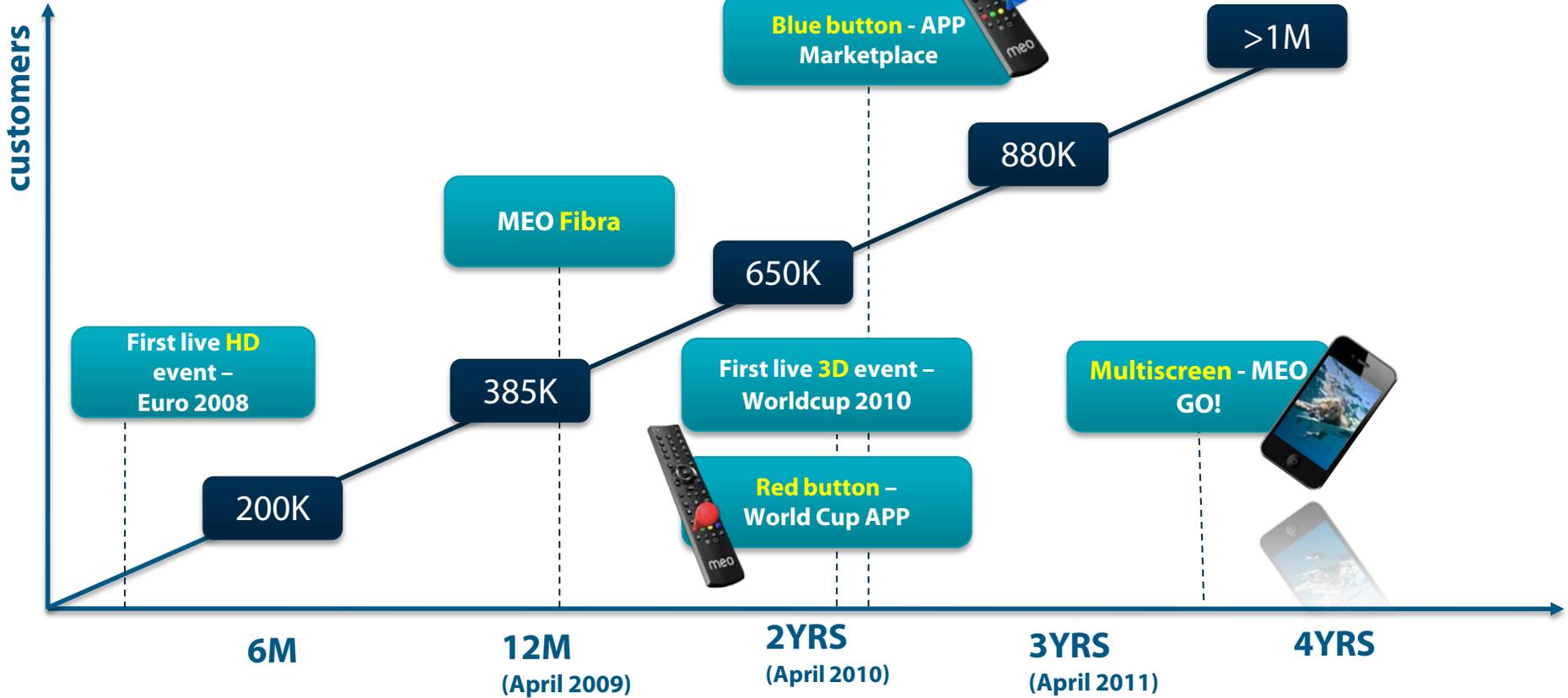
Convergence

How to take advantage of PT's unique position in the fixed and mobile businesses ?

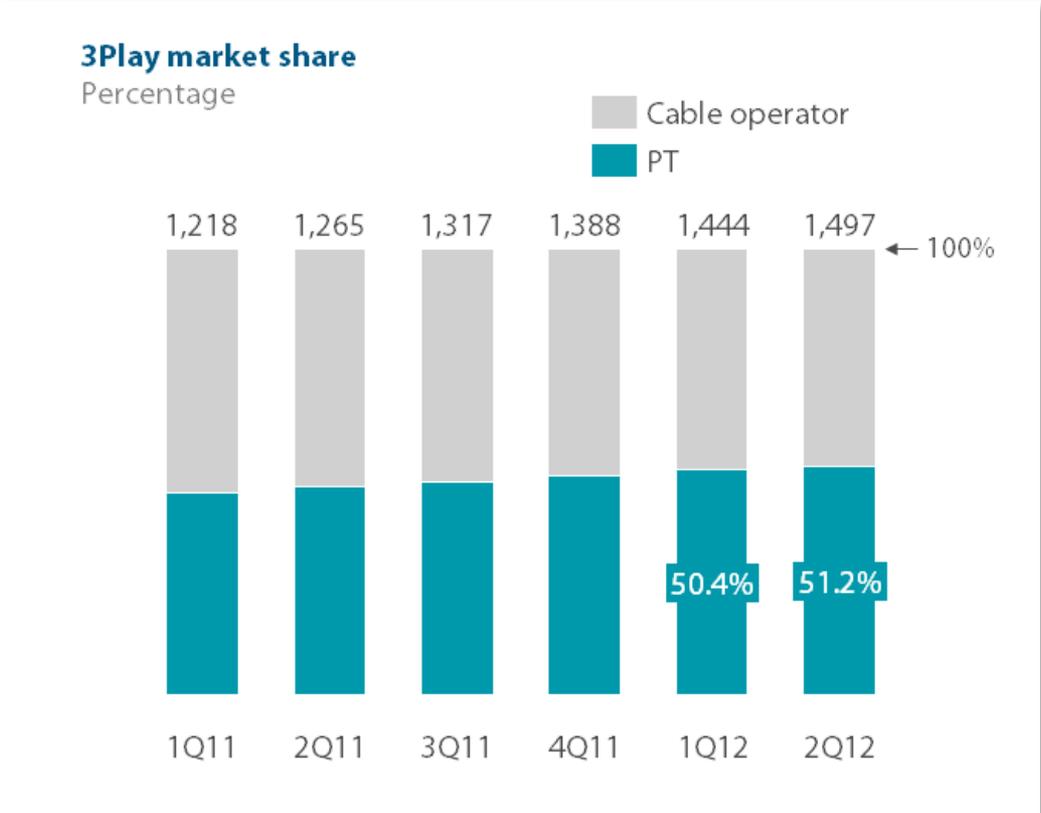
TV AS A SERVICE

Vera Pinto Pereira | Head of TV Services

MEO – A SUCCESS STORY



MEO – A SUCCESS STORY



And how did we get here?...

A SUCCESS STORY ANCHORED ON CONTENT

ALL KEY CHANNELS



A LEADING VOD EXPERIENCE



HD & 3D



+ 30 HD channels



Pioneer 3D broadcasts

DIFFERENTIATED LOCAL CONTENT

sports



entert.



news



kids



ADVANCED FUNCTIONALITIES FOR A DIFFERENT TV EXPERIENCE

FAST ZAPPING WITH PIP



PLAY TO TV



ADVANCED RECORDING



SOCIAL TV



- One click recording
- Series linked recording
- Remote scheduling

Over 75% of MEO customers record everyday

Over 2h of recordings per customer per day

INTERACTIVITY – AN EXCLUSIVE MEO EXPERIENCE

INTERACTIVITY OVER CHANNELS

> Differentiating content

This is the most successful type of interactivity because it leverages on established audience shares in strongest channels / shows to give additional exclusive content –

(backstage videos, alternative camera views, next day episodes, etc.)

Creating a different and unique experience for MEO customers



ÍDOLOS – 1ª e 2ª edição



1,5 MILLION VISITS

Examples:

SECRET STORY – 1ª e 2ª edição



14 MILLION VISTS

INTERACTIVITY – AN EXCLUSIVE MEO EXPERIENCE

APP MARKETPLACE

A marketplace of **over 40 apps and casual games.**

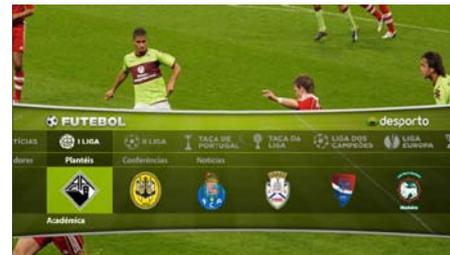
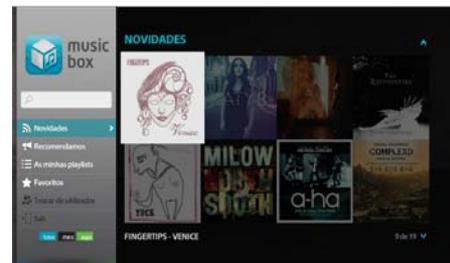
Music, sports, news and kids as main categories.

Over 50% of MEO customers use the blue button.

Over 2.5M visits per month.



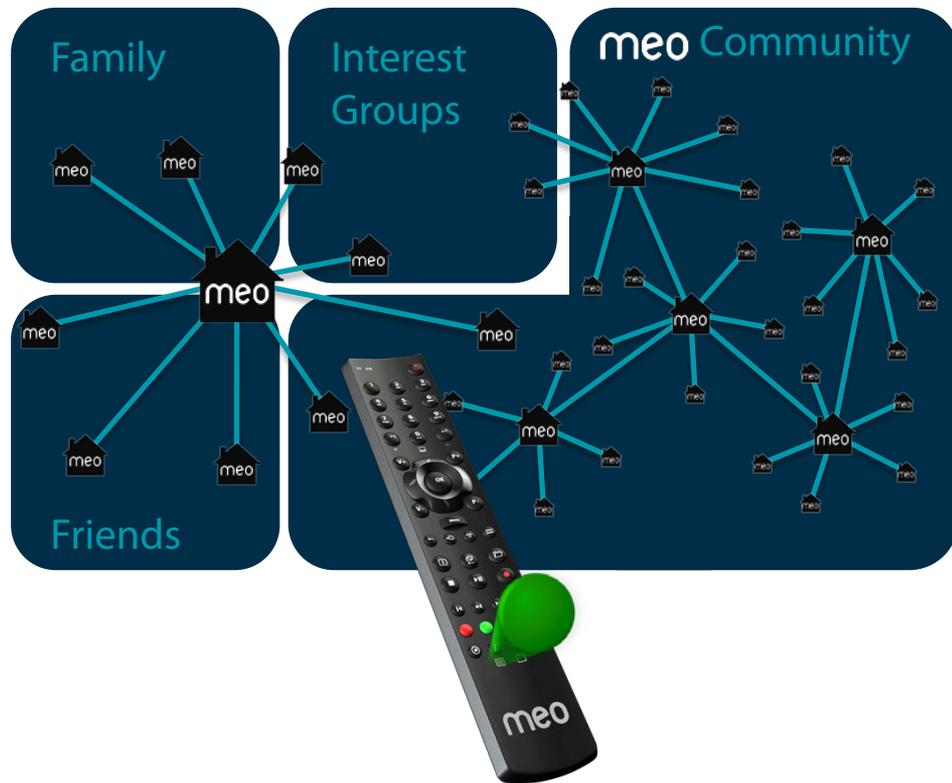
Also available on satellite



Examples:

MEO KANAL – MY VERY OWN TV CHANNEL!

... and THE FIRST TV NETWORK EFFECT



MEO KANAL – MY VERY OWN TV CHANNEL!



- **25k channels created to date**
 - 52% public
 - 48% private
- **20k hours of content**
- **113k videos uploaded into channels**
- Top categories are Family & Friends; Humor, and Music

358k homes have accessed the service to view channels

Consuming a 30 second pre-rolled advert before going into each channel

MEO GO! – MEO IS MULTISCREEN

EXPLOSION IN PERSONAL DEVICES

RAPID NETWORK DEVELOPMENT

MULTI-TASKING CULTURE

ALWAYS-ON GENERATION

CONTENTS EVERYWHERE



- **60 channels** (80% audience share) & **VoD catalogue**
- on **PCs, smartphones and tablets** – iOS, Android and Windows8
- through **Wi-Fi, 3G/4G any operator** – free traffic on TMN
- **Download & Play** available for VoD rentals

MEO GO! – MEO IS MULTISCREEN

2 service levels:

@home



FREE

MULTI-SCREEN EXPERIENCE

- through MEO Wi-Fi
- **MEO Remote functions** also available to control set-top-box

@everywhere



PAID

MOBILITY EXPERIENCE

- through **Wi-Fi, 3G/4G any operator** – free traffic on TMN
- **Download & Play** available for VoD rentals



- + 58k MEO Go! Users
- 40% use the mobile app
- +1M mobile sessions to view live TV channels in September

UPCOMING KEY DEVELOPMENT AREAS

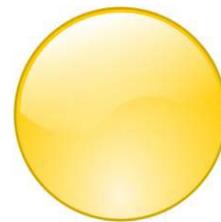
More interactivity over anchor channels/ content & Interactive advertising



New generation of transactional apps



MEO Kanal - Increased multidevice integration and functionality enhancement



**And there is still...
THE YELLOW BUTTON**

UPCOMING KEY DEVELOPMENT AREAS

SIGNIFICANT ADVANCES
IN STORAGE AND VIDEO
PROCESSING
TECHNOLOGIES

CLOUD TV



- ✓ Network recordings
- ✓ 7 days cloud catch-up service
- ✓ Access to personal recording through multiple devices

UPCOMING KEY DEVELOPMENT AREAS

MEO GO! 2.0



- ✓ **MEO GO! convergence with MEO Remote**
 - Access to live TV channel viewing and VoD
 - Integration with Musicbox and MEO Kanal
 - Content discovery enhanced features
 - Set-top-box remote control
 - Content sharing between device and TV – Play To
 - Access to personal recordings
- ✓ **2nd screen experience enhancement – integrating with partner content apps**

MEO IS THE LEADING ENTERTAINMENT BRAND



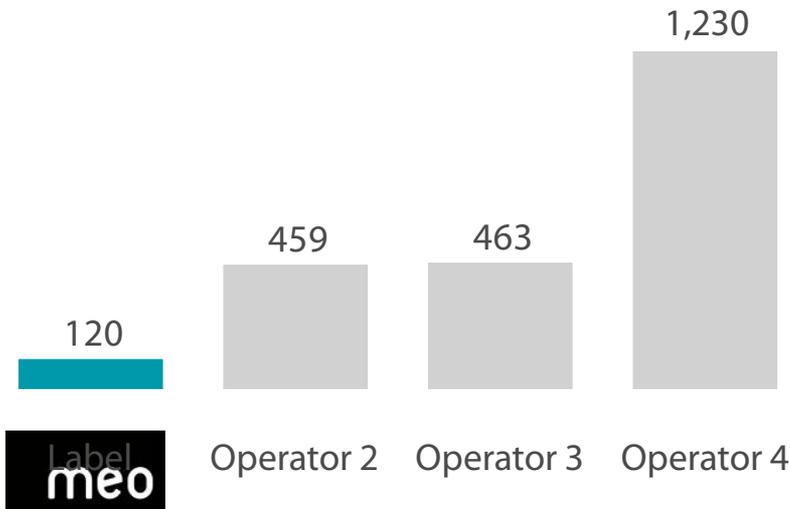
Brand awareness in Portugal

2009	2010	2011	2012
<i>(amongst telco brands)</i>			
#1	#1	#1	#1
<i>(amongst all brands)</i>			
#1	#2	#3	#2

STRONG RECALL WITH EFFICIENT INVESTMENT

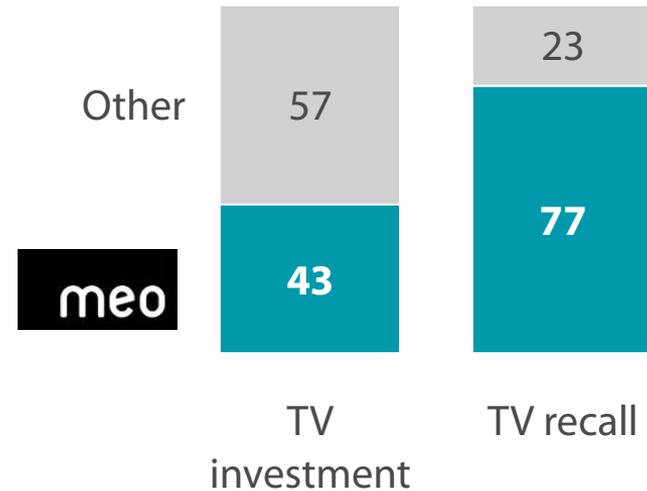
Average TV cost per point of proven TV recall Thousand euros per point

Cumulative 2009 to August 2012



Share of 3Play operators TV spending and recall Percentage

Cumulative 2009 to August 2012



MEO – A LOVE BRAND



MULTIPLATFORM APPS

Celso Martinho | Head of SAPO digital services development

WHAT IS SAPO?



Portal **90% reach**

Advertising business model, 1/3 of the market

1 million users/day

200 content partners

Technology based team



SAPO OUTSIDE PORTUGAL



sapo.pt
Portugal

sapo.cv
Cabo Verde

sapo.mz
Moçambique

sapo.ao
Angola

sapo.tl
Timor-Leste

SAPO IS TALENT FOR PT



labs.sapo.pt



CODEBITS VI

PAVILHÃO ATLÂNTICO 15 - 17 NOVEMBER 2012

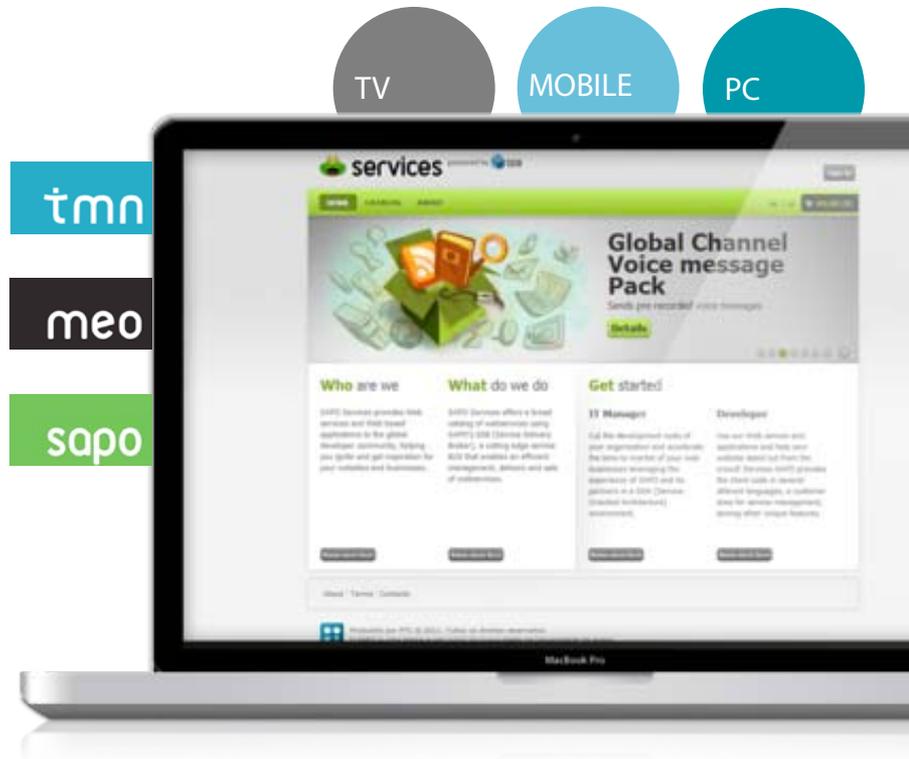
SAPO, R&D UNIT AND PT FACTORY

- We're obsessed with constant experimentation of emerging technologies and new paradigms.
- **Tight academy and university relationships through R&D Labs and scholarships**
- **Startup culture: Fail fast. Fail often. Learn.**
- **Strong talented engineering team at its core.**
- **Constantly mixing liberal arts, user feedback and technology.**



SAPO AS A CONTENT PROVIDER FOR PT

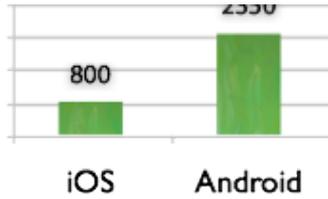
- SAPO has a network of more than 200 content partners in Portugal, from big publishers, TVs, radios and magazines to smaller, vertical, producers.
- **All content is available through a catalogue of APIs and services for all applications and websites to use.**
- **Reduces time to market for new apps and services, on any platform.**
- **Content is reused**
- **Because it's structured and accessible, it can easily be used in different contexts and different devices.**



SAPO IS ALSO A CONTENT FACTORY FOR PT

Mobile

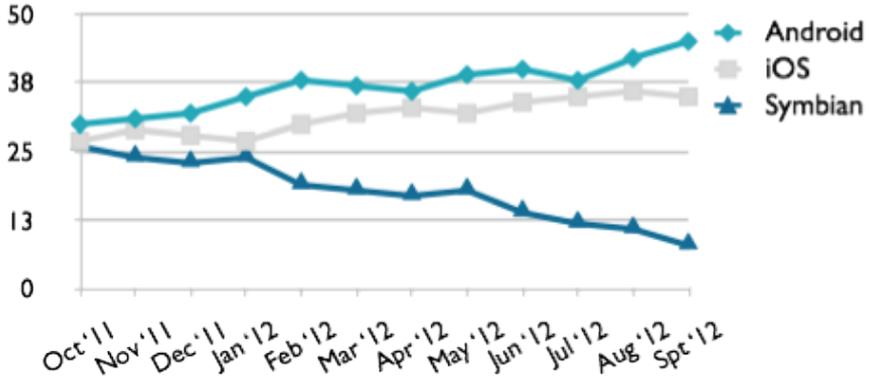
Thousands of Downloads



More than 70 apps



Mobile OS share % (PT)



TV

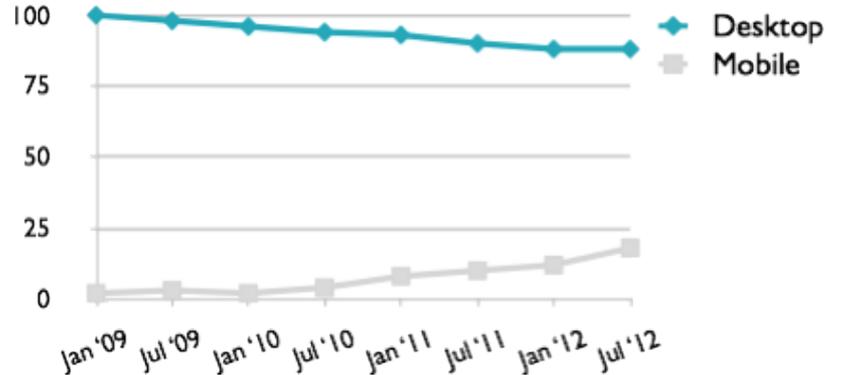
Unique visitors (per month)



More than 60 apps



Desktop vs Mobile % (Europe)



MULTIPLATFORM APP EXAMPLES

SAPO Desporto (Sports) is a good and popular example of a multiplatform application available on all PT contexts

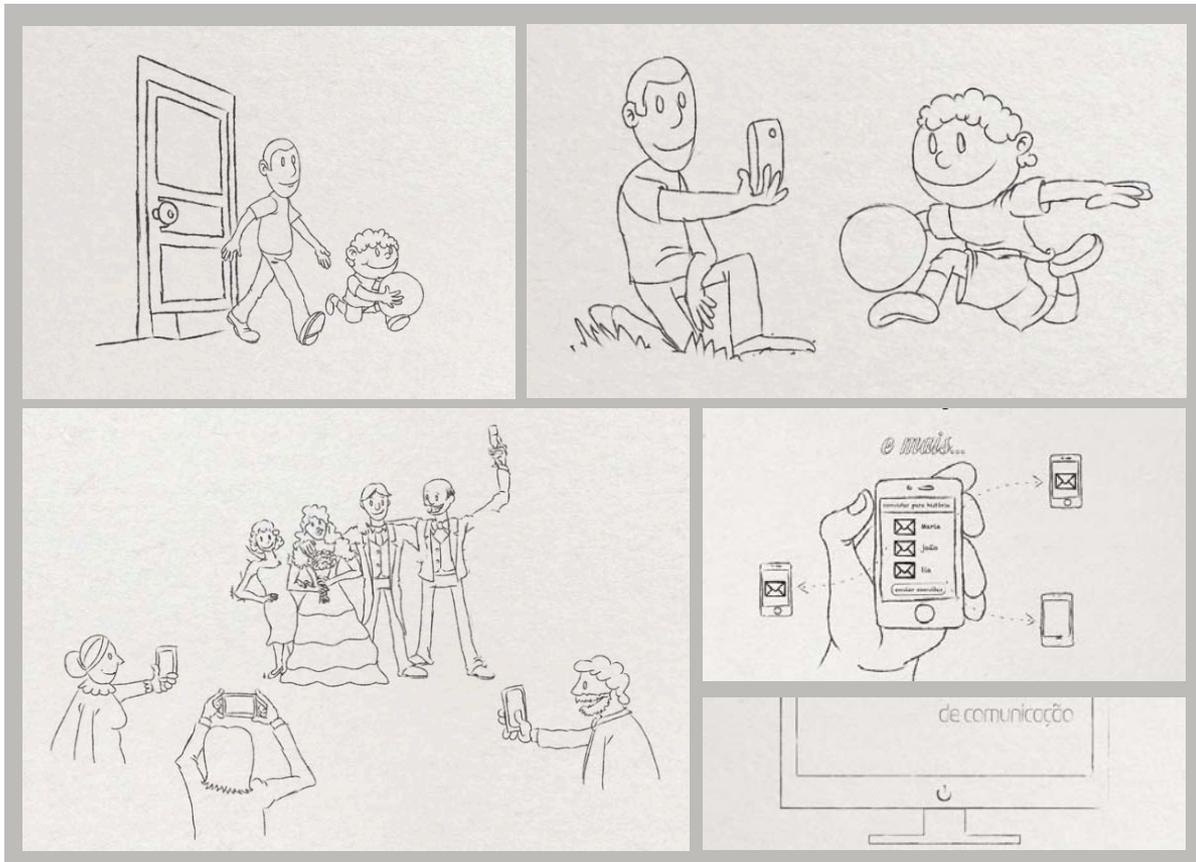
- **News, calendar, results and statistics**
- **Video and multimedia content**

Musicbox is a music streaming, all you can hear cloud based service for PT customers

- **100,000 users**
- **100 million streamed tracks**
- **More than 14 tracks, deals with all majors recording studios**



NEW TV PARADIGMS



Click to call

**Collaborative TV
content**

Live TV from mobile

**Watch later (bridging
the Web with the TV)**

Carrier

11:54 PM

100%

meo kanal

de comunicação

celso@co.sapo.pt

••••••••

ENTRAR

login PT cliente ou subconta meo kanal

NEW TV PARADIGMS



CLOUD



cloudPT

cloudPT is an everywhere every-device storage solution. A remote drive with tight PT services integration that syncs its contents with Portugal Telecom unique cloud infrastructure.

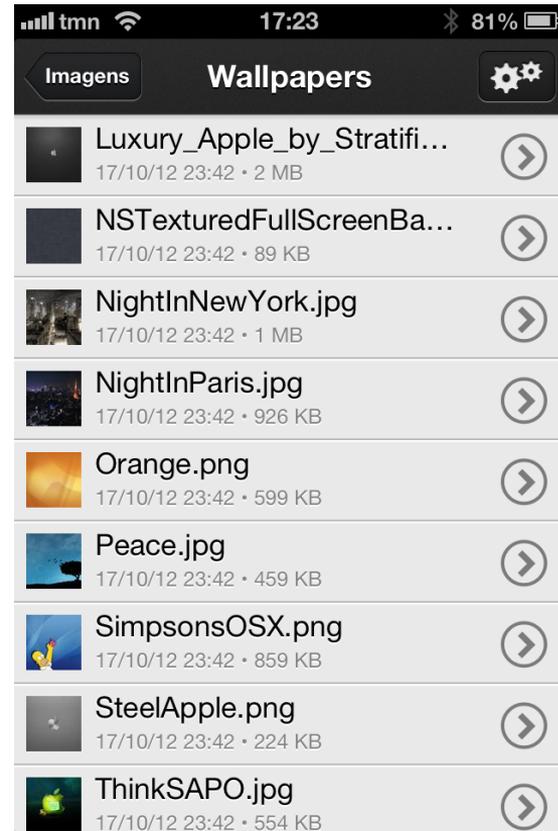
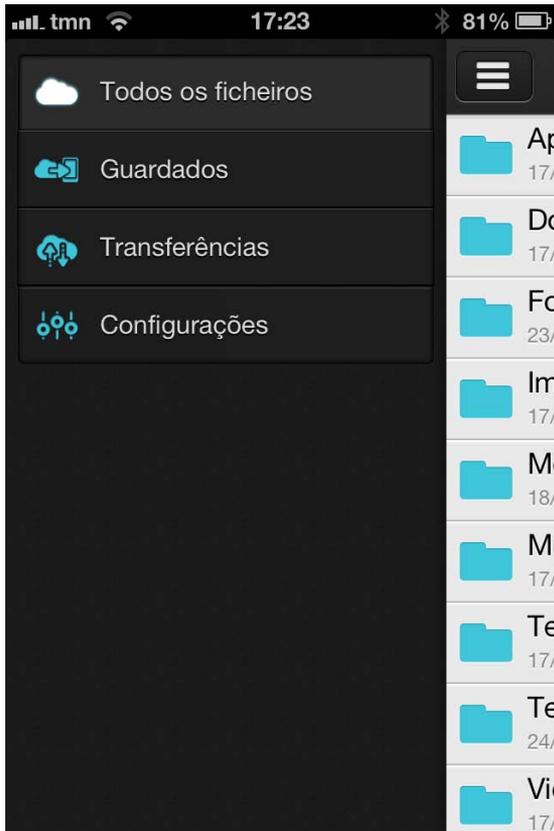
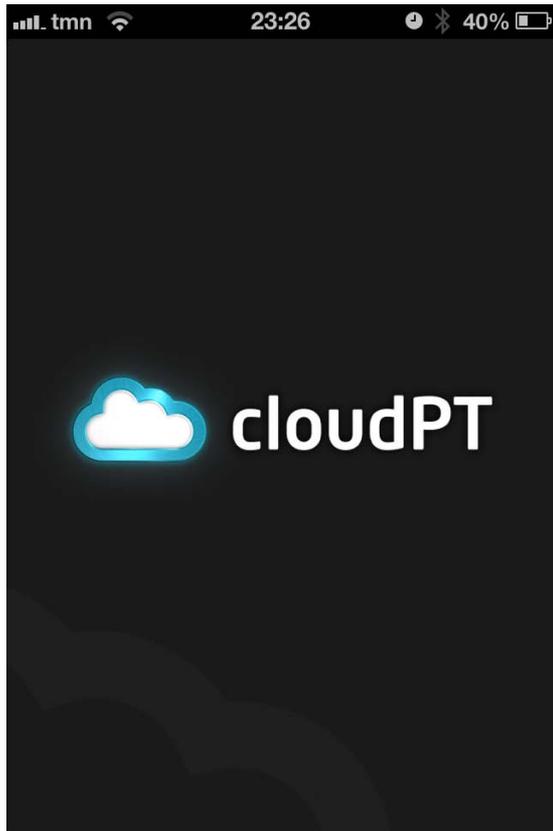
- **It's simple**
- Simple, usable clients, in Portuguese.
- **It's ubiquitous**
- Available in all channels, all platforms
- **It's secure**
- The best network, best data centres, best telco

 cloudPT



 **cloudPT**
Seguramente sempre consigo





cloudPT

Inicio • Imagens

Wallpapers

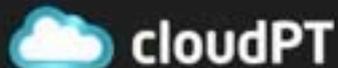
UPLOAD FICHEIROS

Visual Nova Pasta selecionar todos Ficheiros removidos Pastas Pesquisar

- TCOOS OS FICHEIROS
- PASTAS PARTILHADAS
- LINKS PÚBLICOS
- CONFIGURAÇÕES
- LOGOUT

ESPAÇO OCUPADO NA CLOUD PT
0 Gb 2.0 Gb

			
logo_codebits-768.jpg 17/10/12 22:42 484 KB	Luxury Apple by Stratif... 17/10/12 22:42 2.0 MB	NightInNewYork.jpg 17/10/12 22:42 1.05 MB	NightInParis.jpg 17/10/12 22:42 905 KB
			



TODOS OS FICHEIROS

PASTAS PARTILHADAS

LINKS PÚBLICOS

CONFIGURAÇÕES

LOGOUT

ESPAÇO OCUPADO NA CLOUD PT

0 Gb  2.0 GB

Início ▶ Fotos

Artísticas

UPLOAD FICHEIROS



Nova Pasta

selecionar todos



Ficheiros removidos



Pastas

Procurar



Fotografia 2000-08-17 18_00_08.jpeg

23/10/12 02:56 566 KB



Fotografia 2000-08-18 12_46_14.jpeg

23/10/12 02:57 710 KB



Fotografia 2000-11-15 06_10_12.jpeg

23/10/12 02:56 673 KB



Fotografia 2003-09-21 02_27_08.jpeg

23/10/12 02:57 843 KB



Fotografia 2004-08-09 20_29_00.jpeg

23/10/12 02:57 456 KB



Fotografia 2004-08-18 16_00_12.jpeg

23/10/12 02:57 359 KB



Fotografia 2000-08-18 12_46_14.jpeg

DOWNLOAD



DADOS DO FICHEIRO

Tamanho:
710 KB

Última modificação:
23/10/12 02:57

ANALYTICS AND DATA KNOWLEDGE

We're focused on processing massive amounts of data, both from the network, services and app usage, and using that information to enhance the user experience.

Big Data technology

Recommendations

Real time, live KPIs

Behavioural



PAYMENTS

- PT is currently building its next generation payments infrastructure.

Ongoing pilot TMN Wallet

- Proximity payments, using TPAs and vending machines
- Used by 2000 employees, 5 buildings
- Uses proximity payments technology: NFC, QR-Codes, SMS

Findings

- QR-Codes are relevant
- Low end phones must be supported
- Simplicity is key



tmn wallet



TMN WALLET



OFERTAS DE HOJE

 voucher



5 SOAS
mesa + Bebida
80€
40€



MASSAGEM
Relaxe e trate do seu corpo
40€
9€



3 MASSAGENS
Relaxe e trate do seu corpo

FALTAM
14h 04m 14s

JÁ COMPRARAM
111 PESSOAS

 **COMPRAR**
VER INFO

Prima BAIXO para menu



voucher.sopo.pt



ESCOLHA A QUANTIDADE

 voucher



Relaxe com 1 massagem à escolha em Lisboa ou no Porto na EMMA Spa! Aproveite!



+

1

-



COMPRAR

Preço unitário: 9€

Desconto: 78%

Poupa: 31,00€

Total: 9,00€

Olá, Fernando

voucher.sapo.pt



PAGAMENTO

 voucher

Relaxe com 1 massagem à escolha em Lisboa ou no Porto na EMMA Spa! Aproveite!

1 x 9€ = 9,00€



Ser-lhe-á mostrada uma referência para pagar no seu homebanking ou em qualquer caixa Multibanco.

Olá, Fernando

voucher.sapo.pt



THE CONVERGENCE OPPORTUNITY

João Epifânio | Head of personal segment and convergence

STRATEGY FOCUSED ON MOBILE DATA USAGE AND TIERED PRICING PLANS

DATA

SMARTPHONES



Promote smartphone penetration (and data consumption) through a competitive offer at affordable prices

MOBILE BROADBAND



Increase customer base through superior product quality (coverage) and convergent and innovative offerings addressing needs of digital consumer

VOICE



tmn UNLIMITED

Para quem não vive sem internet

- Reinforce postpaid value proposition
- Exhaust "on-net" effect through enhanced pre-paid
- Segment-specific strategies

DEMANDING BUSINESS CONTEXT

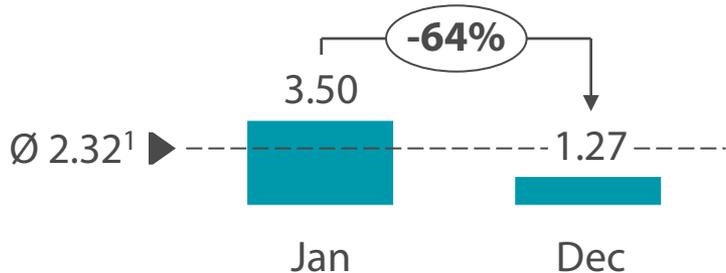
Private consumption

Percentage y.o.y



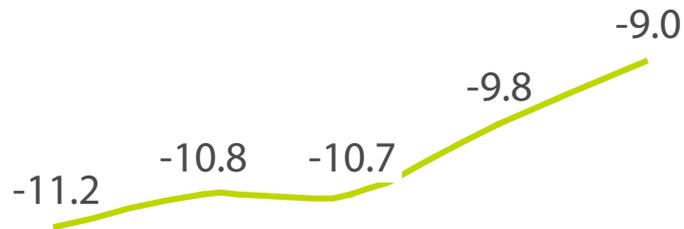
2012 glide path to MTR reduction

Price per minute. Euro cents



Personal revenues

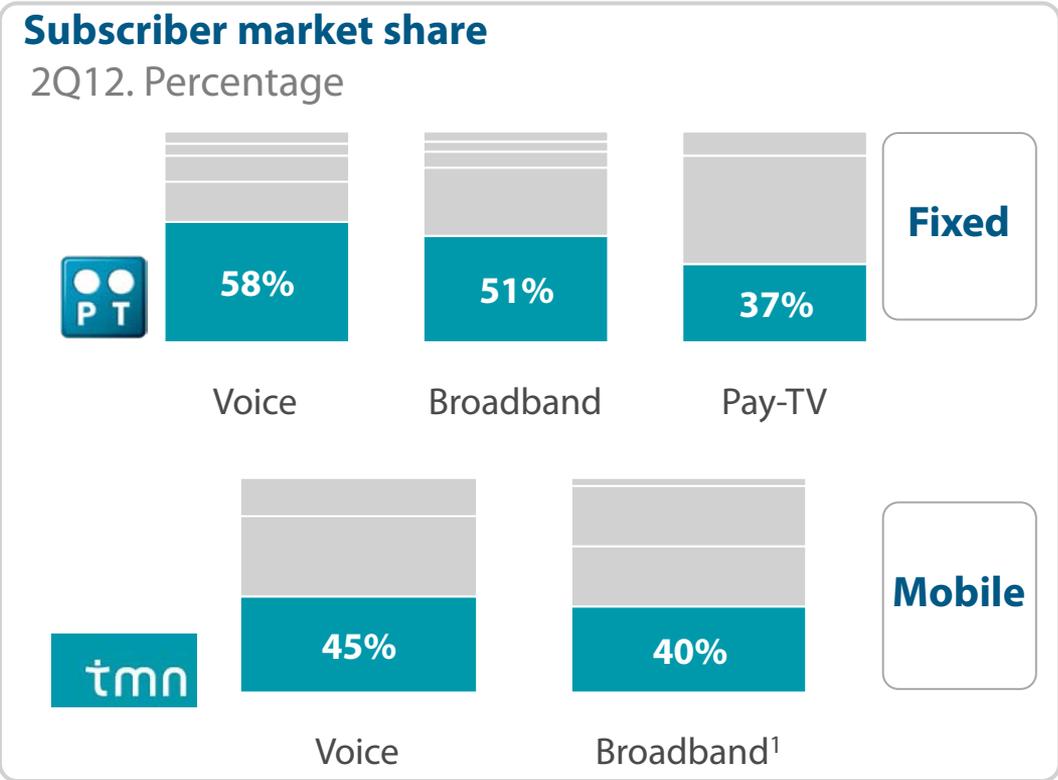
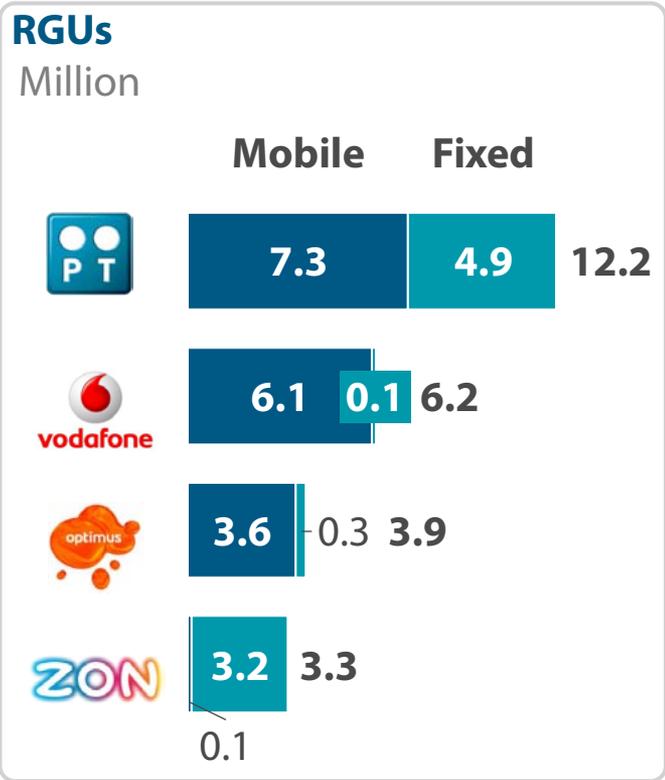
Percentage y.o.y



2Q11

2Q12

LARGE CUSTOMER FRANCHISE WITH LEADING MARKET POSITION



1 Mobile broadband market share in number of users with dongle
 SOURCE: ANACOM, Companies' reports

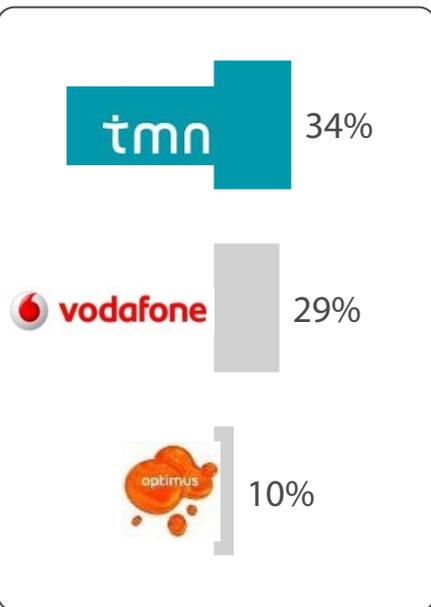
LEADING CONSUMER BRANDS

What brands do you remember for each of these services?

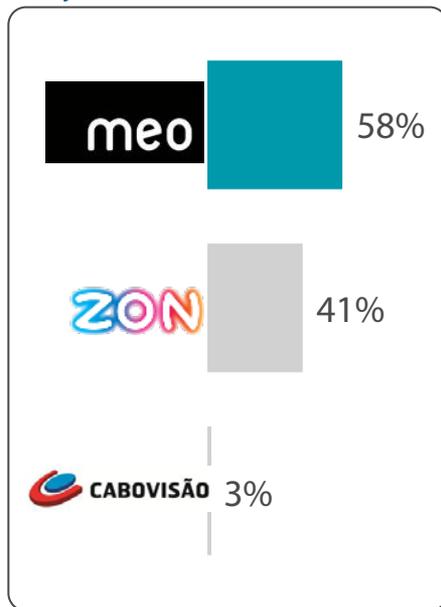
Top of mind. % respondents

2011

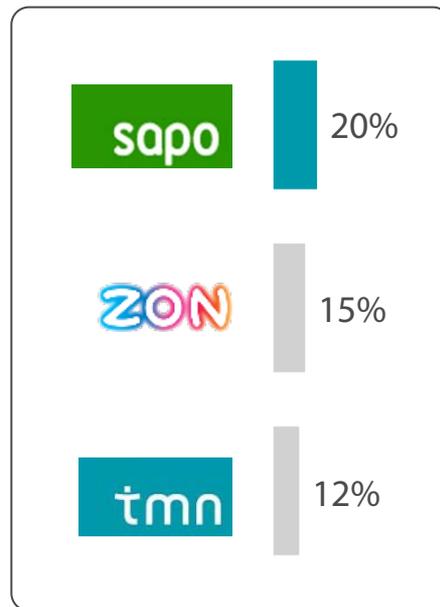
Mobile communication



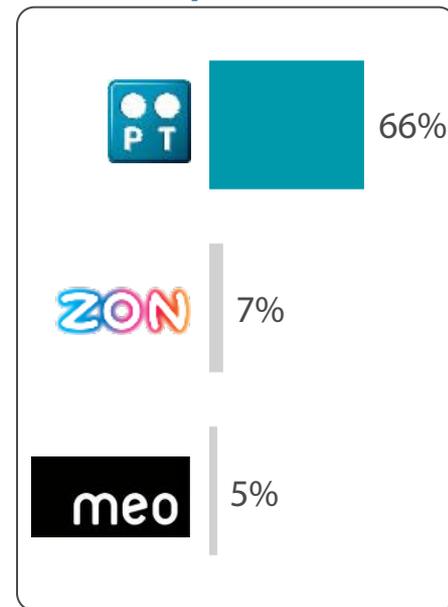
Pay-TV



Internet



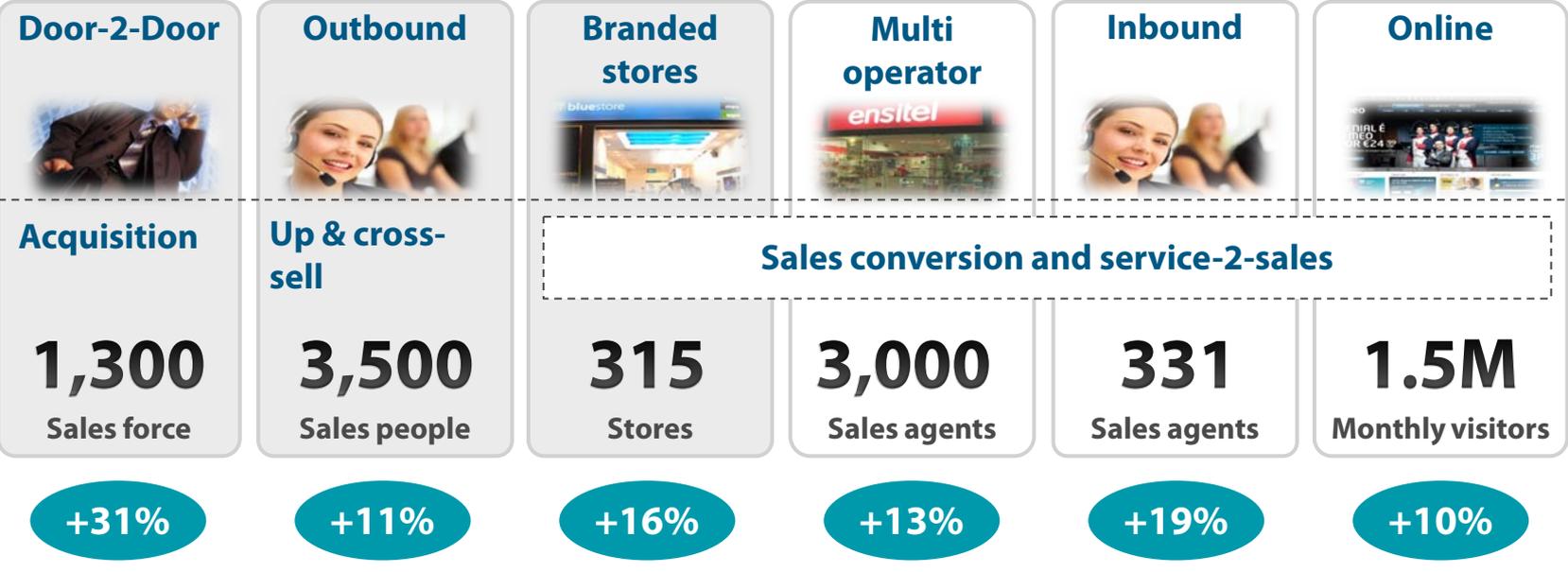
Fixed telephone



LARGEST COMMERCIAL FOOTPRINT IN THE CONSUMER SEGMENT

Proactive channels (Push)

Reactive channels (Pull)



% of wireline sales

Convergence strongly supported by unified systems and CRM intelligence

STRONG REACH IN PUSH CHANNELS

Sales Force
Number of sales agents

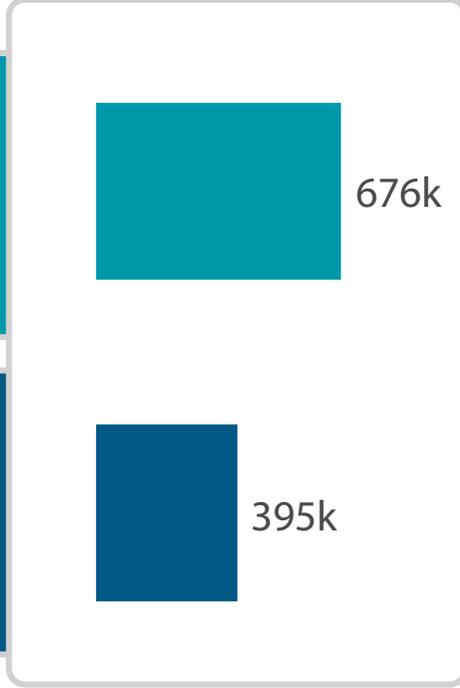
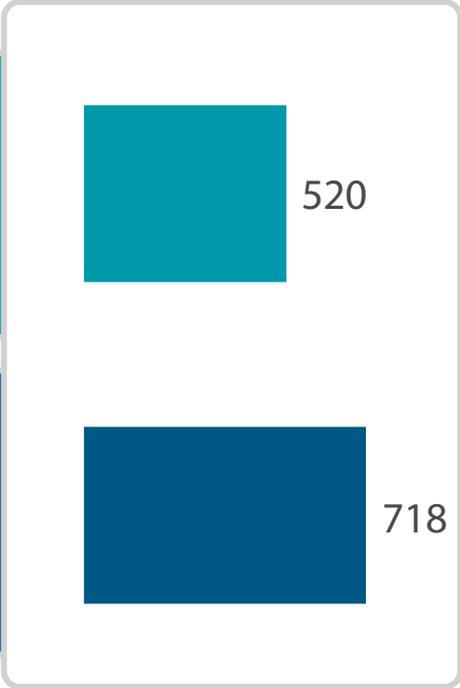
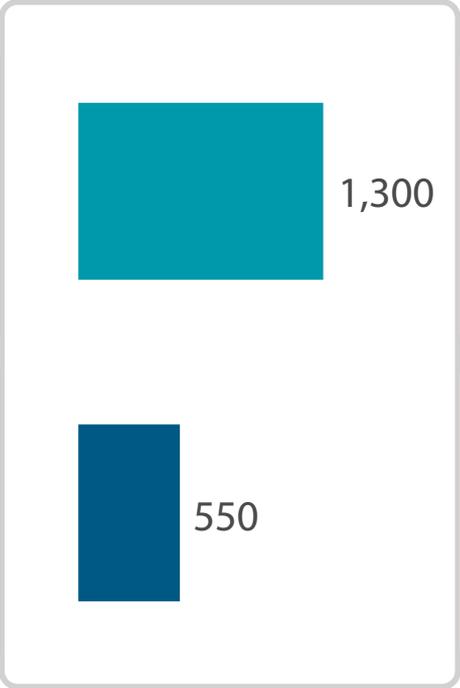


Productivity
Contacts/month/sales agents

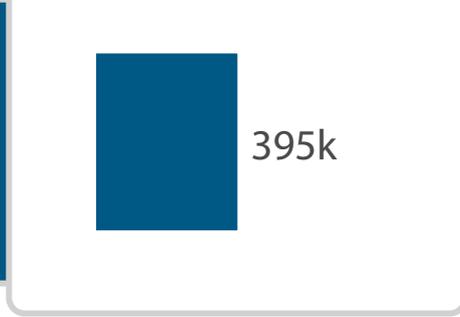
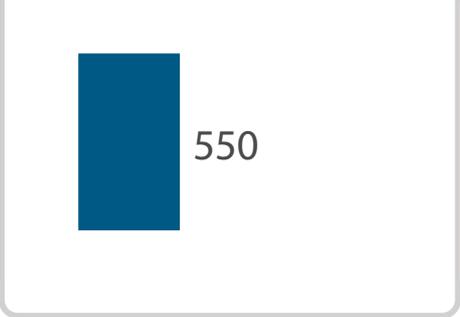


Contacts
Monthly.

D2D

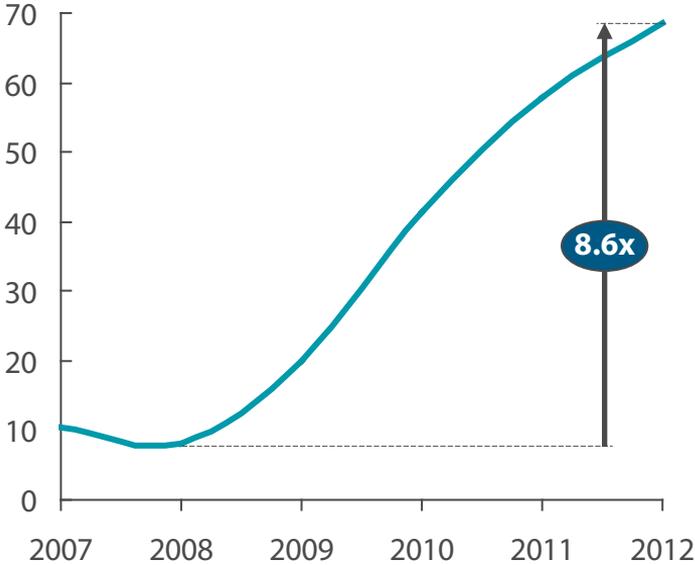


Outbound

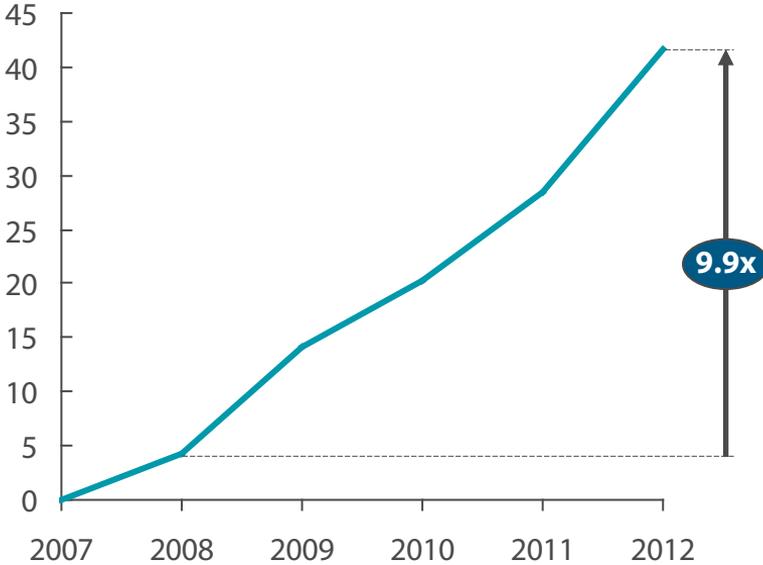


STORE CONVERGENCE DELIVERING RESULTS

Ex-PTC stores mobile/fixed RGU sales ratio
Percent



Ex-TMN stores fixed/mobile RGU sales ratio
Percent



STRONG ONLINE PRESENCE THROUGH WEBSITES...



- Products and services information
- Online sales and click-to-call
- Selfcare and trouble shooting

Monthly visitors

Thousands



**670k OF SELF-CARE CHANNEL USERS
(MORE THAN 1.3M RGUS)**

... AND SOCIAL NETWORKS



- Social monitoring
- Customer care
- Below-the-line campaigns and niche targeted advertising

Likes on Facebook

Thousands

669



TMN



351



MEO



facebook

328



Moche



Youtube channel views

Thousands

3,691



MEO



2,327



TMN



YouTube

965



Moche



TRACK RECORD IN F-M CONVERGENCE



2009

Banda Larga Zero



2010

Loyalty programme



2011

Promotions



2011

Launch of MEO Go!

2010

Launch of FamilyBox



2010

MEO Remote



2010

Launch of Musicbox

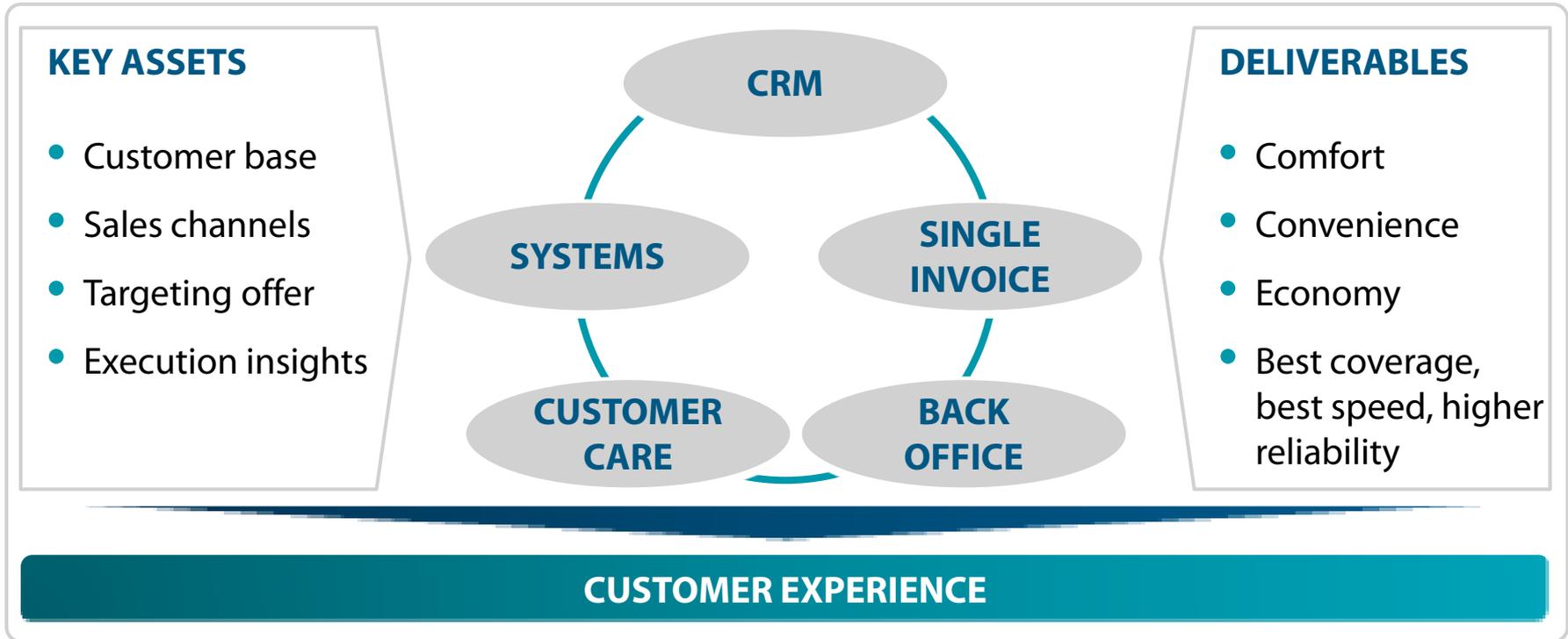


2012

Promotions



4P IS A STEP-CHANGE IN CONSUMER VALUE PROPOSITION



A stylized silhouette of a city skyline in shades of blue, positioned above a large blue gradient area that occupies the bottom half of the slide.

BUSINESS TO CONSUMER

Lisbon, 29 & 30 October 2012