FY2012 EARNINGS ANNOUNCEMENT

1
4Q12 HIGHLIGHTS

Table 1.

Highlights of 4Q12 Results	4Q11	4Q12	4Q12 / 4Q11	2011	2012	2012 / 2011
Operational ('000)						
RGUs [(1)]	3,315.1	**3,467.0**	4.6%	3,315.1	**3,467.0**	4.6%
Basic Cable Subscribers	1,178.4	**1,209.6**	2.7%	1,178.4	**1,209.6**	2.7%
Triple Play Customers	708.7	**772.6**	9.0%	708.7	**772.6**	9.0%
% Triple Play Cable Customers	60.1%	**63.9%**	3.7pp	60.1%	**63.9%**	3.7pp
IRIS Subscribers	97.0	**234.8**	142.0%	97.0	**234.8**	142.0%
Broadband Subscribers	739.2	**790.0**	6.9%	739.2	**790.0**	6.9%
Fixed Voice Subscribers	883.9	**976.4**	10.5%	883.9	**976.4**	10.5%
Financial (Millions of Euros)						
Operating Revenues	215.6	**214.7**	(0.4%)	854.8	**858.6**	0.4%
EBITDA	73.6	**74.7**	1.4%	311.2	**312.9**	0.5%
EBITDA Margin	34.1%	**34.8%**	0.6pp	36.4%	**36.4%**	0.0pp
Net Income	5.7	**6.4**	12.7%	34.2	**36.0**	5.3%
CAPEX	40.5	**40.6**	0.1%	149.9	**123.1**	(17.9%)
EBITDA - CAPEX	33.1	**34.1**	3.0%	161.4	**189.8**	17.6%
Free Cash Flow	30.8	**46.7**	51.4%	51.5	**106.5**	106.6%
Net Financial Debt	637.5	**605.0**	(5.1%)	637.5	**605.0**	(5.1%)

(1) Total RGUs reported reflect the sum of Pay TV, Fixed Broadband, Fixed Voice and Mobile subscribers.

- **Better than anticipated FCF generation of 106.5 million euros in 2012**

- **Solid operational performance in Portugal led by Innovation and Cost and CAPEX discipline**

- **Continued strong growth of African JV, ahead of all expectations**

4Q12 FINANCIAL HIGHLIGHTS

- Consolidated Revenues reached 214.7 million euros in 4Q12, and 858.6 million euros in FY12, an increase of 0.4% in comparison with FY11;
- The Pay TV, Broadband and Voice activity generated revenues of 186.8 million euros in 4Q12, an improvement in comparison with the previous quarter and leading to 755 million euros in FY12;
- ZON's stake in the African JV for Satellite Pay TV services already made a material contribution to consolidated revenues, generating revenues of 8.8 million euros in 4Q12 and 31.6 million euros for FY12;
- Consolidated EBITDA increased by 1.4% in 4Q12 to 74.7 million euros and by 0.5% in FY12 to 312.9 million euros;
- As a percentage of revenues, consolidated EBITDA margin has been improving every year, reaching 36.4% in FY12;
- Net Income grew in 4Q12 by 12.7% to 6.4 million euros yoy and by 5.3% in FY12 to 36 million euros;
- EBITDA–CAPEX increased to 34.1 million euros in 4Q12, and increased by 17.6% in FY12 to 189.8 million euros due to the continued positive performance of EBITDA and a significant 17.9% reduction in CAPEX;
- FCF before dividends increased by 106.6% to 106.5 million euros, ahead of expectations and guidance.

4Q12 OPERATIONAL HIGHLIGHTS

Domestic Pay TV, BB and Voice operations:

- Triple Play customers grew 9% yoy to 772.6 thousand subscribers representing 63.9% of the cable subscriber base;
- Penetration of high-end IRIS Triple Play bundles continued to grow to 234.8 thousand customers, increasing by 41.8 thousand in 4Q12, supported by Timewarp, the revolutionary advanced personal cloud recording feature on the ZON Iris offer;
- Timewarp was voted by consumers as the best product innovation of the year in 2012 in the Triple Play category and customer satisfaction and recommendation has reached record highs;
- Pay TV subscribers on the cable network posted a yoy increase of 2.7% to 1,209.6 thousand at the end of 4Q12, proof of the resilience of ZON's Pay TV, Broadband and Voice value proposition against a backdrop of stiff austerity measures affecting consumer sentiment in general;
- Broadband subscribers grew by 6.9% yoy to 790 thousand at the end of 4Q12, an increase of 23.8 thousand in the last quarter and bringing the percentage of cable subscribers that take broadband services up to 65.3%;
- Voice subscribers grew 16.2 thousand in 4Q12 to 976.4 thousand in total at the end of FY12. Of ZON cable customers, 79% subscribe to Fixed Voice services.

Cinema Exhibition and Audiovisuals:

- ZON's sales of Cinema tickets in Portugal decreased by 11.9% yoy in 4Q12, with the average revenue per ticket decreasing by 0.6% to 4.7 euros. The macroeconomic strain continues to be felt in this business, with families looking for savings in discretionary spending;
- Revenues from the Audiovisuals business decreased by 2.4% yoy in 4Q12, continuing to be affected by a decrease in the sales of homevideo content and also by the reduction in the level of films and other content usually sold on to FTA channels, that are undergoing strong cutbacks in their programming costs.

International

- ZAP continues to develop its business in Angola and Mozambique according to the best expectations and growing its subscriber base at an unprecedented pace.

2
OPERATING REVIEW 4Q12

Table 2.

Business Indicators ('000)	4Q11	4Q12	4Q12 / 4Q11	2011	2012	2012 / 2011
Pay TV, Broadband and Voice (1)						
Homes Passed (2)	3,152.6	**3,243.2**	2.9%	3,152.6	**3,243.2**	2.9%
RGUs (3)	3,315.1	**3,467.0**	4.6%	3,315.1	**3,467.0**	4.6%
Cable RGUs per Subscriber (units) (4)	2.36	**2.45**	3.7%	2.36	**2.45**	3.7%
Basic Subscribers (5)	1,567.1	**1,570.1**	0.2%	1,567.1	**1,570.1**	0.2%
o.w. Cable Subscribers	1,178.4	**1,209.6**	2.7%	1,178.4	**1,209.6**	2.7%
IRIS Subscribers	97.0	**234.8**	142.0%	97.0	**234.8**	142.0%
% IRIS Cable Subscribers	8.2%	**19.4%**	11.2pp	8.2%	**19.4%**	11.2pp
Triple Play Customers	708.7	**772.6**	9.0%	708.7	**772.6**	9.0%
% Triple Play Cable Customers	60.1%	**63.9%**	3.7pp	60.1%	**63.9%**	3.7pp
o.w. DTH Subscribers	388.7	**360.5**	(7.3%)	388.7	**360.5**	(7.3%)
Broadband Subscribers	739.2	**790.0**	6.9%	739.2	**790.0**	6.9%
Fixed Voice Subscribers	883.9	**976.4**	10.5%	883.9	**976.4**	10.5%
Mobile Subscribers	125.0	**130.5**	4.4%	125.0	**130.5**	4.4%
Blended ARPU (Euros)	35.5	**34.0**	(4.3%)	35.7	**34.5**	(3.5%)
Cinema (1)						
Revenue per Ticket (Euros)	4.8	**4.7**	(0.6%)	4.9	**4.8**	(1.0%)
Tickets Sold	2,260.4	**1,992.4**	(11.9%)	8,742.2	**7,814.6**	(10.6%)
Screens (units)	217	**210**	(3.2%)	217	**210**	(3.2%)

(1) Portuguese Operations
(2) The number of homes passed was corrected in 3Q11, consisting of a database cleanup of around 86.5 thousand homes. Data for the previous quarters was not restated.
(3) Total RGUs reported reflect the sum of Pay TV, Fixed Broadband, Fixed Voice and Mobile subscribers.
(4) Cable RGUs per Subscriber correspond to the sum of Cable Pay TV, Broadband and Voice Subscribers, divided by the number of Cable Pay TV Customers.
(5) These figures are related to the total number of Pay TV basic customers, including the cable and satellite platforms. ZON Multimedia offers several basic services, based on different technologies, directed to different market segments (residential, real estate and corporate), with a distinct geographical scope (mainland Portugal and the Azores and Madeira islands) and with a variable number of channels.

IRIS is today the flagship offer in the ZON Triple Play value proposition and the launch of Timewarp in September 2012 catapulted ZON to the forefront of innovation with a unique and ground-breaking service both to the Portuguese and international Pay TV world.

IRIS is the best Triple Play value proposition in the market, with its innovative, unique features and design and leading broadband speeds for the entire cable base. Customer feedback has been overwhelmingly positive and this enthusiasm is evident in the very positive growth in IRIS subscribers to 235 thousand customers by the end of 2012.

ZON's core Pay TV, BB and Voice business is holding-up well despite the difficult economic climate. Home entertainment and communications are a top priority on domestic budgets and ZON's flat-rate product offers cover all main segments of the market, from higher-end IRIS to lower-end basic TV and voice services, thereby helping families and companies to better manage their monthly bill whilst maintaining an excellent level of service.

Bolt-on premium channel subscriptions are still an area of pressure given their more discretionary nature.

More and more households are taking their Pay TV and communications services in bundled packages from the same operator, using the same technological platform. At ZON, the level of Triple Play bundle penetration amongst the cable subscriber base was already at 63.9% by the end of 4Q12, one of the highest of its international peer group.

Timewarp – elected by consumers as the most innovative Triple Play product of the year

When ZON launched the Timewarp functionality in September 2012, it was the first operator worldwide to offer anything of its kind, an advanced personal cloud recording service that enables customers to browse and view the content of the last 7 days, which, based on user selection, has been recorded in a central data server. Customers are able to watch their favourite programs from last week, using IRIS' award winning design and easy to navigate TV interface. It is greatly enhancing the way customers watch TV with a huge choice of entertainment that can be filtered according to preferences such as genre, programme name, actor, day of the week, and channel, amongst others. Importantly, customers can navigate through Timewarp without needing to exit the programme that is showing live, thus providing a seamless browsing experience. The continued consumer enthusiasm with our IRIS service is related to both the very appealing combination of a superior user experience and design of the IRIS TV platform, a minimum of 100 Mbps Broadband speeds and unlimited Fixed Voice calls and to the continuous innovation of the features offered.

The IRIS user interface continues to be expanded and fine-tuned based on user feedback. In November, ZON launched another innovative and useful feature over its IRIS platform which enables customers to browse films on exhibition at the ZON cinema network (over 200 screens) and to purchase tickets through the TV interface, choose which film to see, at which theatre and which place to sit in. Other features also launched over the past months include full integration of Facebook with the user interface enabling customers to share likes, recommendations, view opinions, and make status posts, amongst others, all within the IRIS interface, without accessing an external app. The ZON Online platform, which replicates the IRIS interface over laptops and tablets, was extended to smartphones, with the launch of its iPhone app in May. It has also become a major incentive for customers to upgrade to the IRIS bundle.

235 thousand IRIS customers

By the end of 4Q12, IRIS subscribers had already reached 234.8 thousand, representing 30.4% of the total Triple Play Customer base and an increase of 41.8 thousand in the quarter. Importantly, IRIS customers take Triple Play bundles with 100 Mbps Broadband speeds with prices starting at 52.99 euros, representing a premium of at least 7.5 euros over a standard Triple Play product due to the more sophisticated and higher end services provided in these higher end offers.

+28.3 thousand RGU net adds in 4Q12

ZON recorded another good quarter in terms of RGU growth with 28.3 thousand net adds, reaching a total of 3,467 thousand services and representing 2.45 services per cable customer.

The Pay TV cable customer base grew by 2.7% yoy to 1,209.6 thousand customers, with Net adds in 4Q12 of 5.4 thousand customers. Total Pay TV customers reached 1,570.1 thousand at the end of 4Q12, a marginal increase yoy led by the combination of growth of 2.7% in the multiple play cable customer base with ZON continuing to boast a strong market share in regions where it has a network footprint, and weaker DTH subscriber numbers where ZON only provides single play TV services over satellite.

Strong Broadband performance in 4Q12 with +23.8 thousand net adds

The Broadband subscriber base grew by 6.9% yoy to 790 thousand representing penetration of 65.3% of the cable base. In 4Q12, ZON recorded strong broadband net adds of 23.8 thousand subscribers. The proportion of broadband customers now subscribing to speeds of 30 Mbps or more continued to increase to 40% at the end of 4Q12, compared with 29% at the end of 4Q11. ZON has a clear network and technological advantage on this front given that it is able to provide speeds of up to 360 Mbps to all of the 3.2 million homes passed by its HFC footprint, by far the largest Next Generation Network coverage in Portugal. Broadband usage has increased by 38% in the past year and still the network is at less than 35% capacity usage at peak hours.

Free access to the largest WiFi network in Portugal with over 500 thousand hotspots, ZON@FON, in addition to 7 million hotspots worldwide through the partnerships between FON and other international operators, provides an additional and very compelling argument to be a ZON broadband customer. The network has very high coverage density in the main urban centres, providing almost seamless online connectivity whilst on the go. Usage of this service has increased dramatically over the past year, with minutes of use growing yoy by 4.4x to 1,600 million minutes in 4Q12.

Growth in Fixed Voice Services yoy of 10.5% to 976.4 thousand

Fixed Voice services grew an additional 16.2 thousand in 4Q12 to 976.4 thousand subscribers, representing a yoy increase of 10.5%. Of the cable customer base, 79% now subscribe to Fixed Voice services, an increase of 5.7 percentage points compared with 4Q11.

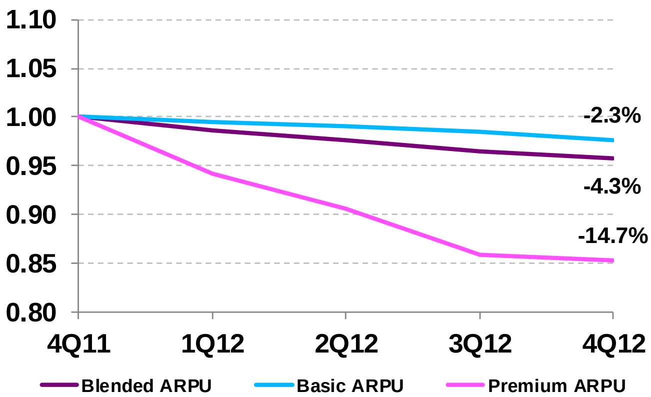
Taking flat fee bundles which include unlimited Fixed Voice calls to Portugal and to 50 destinations worldwide, is a particularly efficient choice for customers trying to better manage their telecom spend. Equally, the ZON Phone application is another excellent value proposition that enables customers to use their smartphones to make calls with their home phone number and tariffs, wherever they are, as long as they have access to a WiFi connection – another important advantage of having free access to the ZON@FON network as explained above.

Resilience of Basic Triple Play ARPU

Adjusting for the effect of lower discretionary premium channel revenues, basic flat fee ARPU decreased by 2.3% in 4Q12, a combination of the stability of Triple Play services and growth in RGUs, the increase in high-end IRIS bundles and dilution from entry level bundles. Excluding the impact of these lower-end offers, basic ARPU would have decreased marginally by 0.3%.

Blended ARPU continued to be affected by pressure on bolt-on premium channel revenues, and also by the dilution effect of entry level bundles, posting a decline of 4.3% yoy to 34 euros.

Basic, Premium and Blended ARPU evolution (4Q11 = Base 1)



Cinemas and Audiovisuals

In 4Q12, ZON's Portuguese Cinema ticket sales fell by 11.9% to close to 2 million tickets, with the average revenue per ticket sold decreasing marginally by 0.6% from 4.8 to 4.7 euros. Total Cinema revenues declined by 11.8% yoy in 4Q12, and by 10.8% yoy in 2012. In addition to the difficult macroeconomic environment, cinema box-office sales were negatively impacted by the increase in VAT on Cinema ticket sales from 6% to 13%, which came into effect as from the beginning of 2012.

Revenues were also affected by comparatively lower 3D movie ticket sales. Revenues from the sale of 3D movie tickets represented close to 22% of total box-office sales in 2012, whereas they had represented around 33% in 2011, which shows customers are choosing the lower-cost 2D alternatives more than in the past.

In 4Q12, ZON once again outperformed the remainder of the market. As previously mentioned, the number of tickets sold by ZON during 4Q12 declined by 11.9%. As a whole, the market experienced a drop in tickets sold of 12.7% in 4Q12, according to recently published data from the Portuguese Institute for Cinema and Audiovisuals, ICA. ZON's share of tickets sold therefore increased yoy to 56.7% in 4Q12.

As regards Cinema gross revenues performance, ZON's relative performance was also stronger in comparison with the rest of the market, posting a 6.8% decrease in 4Q12 whilst the total market's gross revenues decreased by 7.1%. The most successful films shown in 2012 were "Madagascar 3: Europe's Most Wanted", "The Twilight Saga: Breaking Dawn – Part 2", "Ice Age: Continental Drift", "Skyfall" and "Brave".

As mentioned previously, it was during 4Q12 that ZON released an innovative application for its award-winning Pay TV interface IRIS, “ZON Cinemas”, which enables customers to buy their ZON Lusomundo cinema tickets from home, through the TV interface, choose which film to see, at which theatre and which place to sit in. It is possible for customers to benefit from the discounts afforded by their loyalty card, myZONcard, and also to share on Facebook their favourite trailers or movies. This innovative application represents a new, comfortable, fast and easy way for customers to purchase their cinema tickets from home, along with the existing ZON Lusomundo website and the “m.ticket” service for mobile phones.

In 4Q12, revenues in the Audiovisuals division declined yoy by 2.4% from 20.1 million euros to 19.6 million euros. ZON Audiovisuais maintained its leading position in the distribution of movies for cinema exhibition, content and VoD distribution and sale of homevideo content in Portugal. Despite the improvement in its share of cinema revenues in the market, revenues from the Audiovisuals division continued to be affected by the decline in revenues from the sale of homevideo content, as well as from the sale of content rights to FTA channels that, due to the significantly lower level of advertising activity, continue to cut back on the number of films exhibited in their programming grid.

As regards movie distribution in 2012, from the top 10 movies, ZON Lusomundo distributed 7, “Madagascar 3: Europe’s Most Wanted”, “The Twilight Saga: Breaking Dawn - Part 2”, “Skyfall”, “Brave”, “Ted”, “American Reunion” and “The Hobbit: An Unexpected Journey”. According to data from ICA, ZON’s gross revenues in terms of Cinema Distribution increased by 16.4% in 4Q12, while the market as a whole experienced a decrease of 7.4%.

International Growth - Africa

ZAP continues to exceed all expectations in terms of operational growth, with consolidated quarterly revenues and EBITDA in 4Q12 already at 8.8 million euros and 1.4 million euros respectively, generating a 15.6% EBITDA margin in this quarter. In FY12, ZAP generated total Revenues of 105.4 million euros and EBITDA of 14.2 million euros, representing a 13.5% EBITDA margin in its second full year of operations.

Quarterly subscriber pace of growth remains very strong and ZAP has already conquered a very relevant position in the market. The success of the operation continues to be explained by:

- High brand recognition – ZAP continues to be one of the most recognized brands in Angola and Mozambique;
- A very strong distribution network that is growing every quarter;
- A continuously improving offer of channels – following the clear success of its first own Pay TV channel “ZAP Novelas”, ZAP launched in December 2012 a new general entertainment channel called “ZAP Viva” aimed at its mid to high-end subscribers, which will bring them the best entertainment content. Moreover, ZAP has also launched additional channels including new music channels, new children’s channels and a new package of channels called ZAP Plus;

- A constant drive for launching innovative products and services – ZAP launched the ZAP Cinema service that allows subscribers to watch at home the best and most recent blockbuster releases in the market;

- A strong local presence in the market and in the economy – ZAP currently has more than 300 local direct employees and many more jobs are created indirectly in activities related to ZAP.

3
CONSOLIDATED INCOME STATEMENT

As from 1Q12, ZON's 30% stake in its Angolan Pay TV joint-venture is being consolidated proportionately. Previously the operation was being consolidated through the equity method in financial results.

Table 3.

Profit and Loss Statement (Millions of Euros)	4Q11	4Q12	4Q12 / 4Q11	2011	2012	2012 / 2011
Operating Revenues	215.6	**214.7**	(0.4%)	854.8	**858.6**	0.4%
Pay TV, Broadband and Voice	193.8	**186.8**	(3.6%)	772.4	**755.0**	(2.3%)
Audiovisuals	20.1	**19.6**	(2.4%)	72.4	**70.0**	(3.3%)
Cinema	14.7	**13.0**	(11.8%)	59.2	**52.8**	(10.8%)
International	0.0	**8.8**	n.a.	0.0	**31.6**	n.a.
Others and Eliminations	(12.9)	**(13.4)**	4.0%	(49.2)	**(50.8)**	3.4%
Operating Costs Excluding D&A	(142.0)	**(140.0)**	(1.4%)	(543.6)	**(545.7)**	0.4%
W&S	(14.9)	**(15.5)**	4.0%	(59.3)	**(59.8)**	0.8%
Direct Costs	(60.8)	**(63.4)**	4.3%	(243.9)	**(243.4)**	(0.2%)
Commercial Costs (1)	(21.6)	**(16.7)**	(22.6%)	(62.1)	**(66.0)**	6.3%
Other Operating Costs	(44.7)	**(44.5)**	(0.6%)	(178.3)	**(176.5)**	(1.0%)
EBITDA (2)	73.6	**74.7**	1.4%	311.2	**312.9**	0.5%
EBITDA Margin	34.1%	**34.8%**	0.6pp	36.4%	**36.4%**	0.0pp
Pay TV, Broadband and Voice	67.7	**69.3**	2.3%	287.8	**292.8**	1.7%
EBITDA Margin	35.0%	**37.1%**	2.2pp	37.3%	**38.8%**	1.5pp
Audiovisuals and Cinema Exhibition	5.9	**4.0**	(32.0%)	23.4	**15.9**	(32.1%)
EBITDA Margin	16.9%	**12.2%**	(4.6pp)	17.7%	**12.9%**	(4.8pp)
International	n.a.	**1.4**	n.a.	n.a.	**4.3**	n.a.
EBITDA Margin	n.a.	**15.6%**	n.a.	n.a.	**13.5%**	n.a.
Depreciation and Amortization	(53.3)	**(54.5)**	2.2%	(217.6)	**(214.6)**	(1.4%)
Income From Operations (3)	20.3	**20.2**	(0.7%)	93.6	**98.3**	5.0%
(Other Expenses) / Income	0.0	**(0.4)**	n.a.	(1.0)	**(1.0)**	4.8%
Operating Profit (EBIT) (4)	20.3	**19.7**	(3.0%)	92.7	**97.3**	5.0%
(Financial Expenses) / Income	(11.8)	**(11.5)**	(2.1%)	(43.0)	**(42.4)**	(1.4%)
Income Before Income Taxes	8.5	**8.2**	(4.3%)	49.6	**54.9**	10.5%
Income Taxes	(2.7)	**(1.8)**	(33.2%)	(14.8)	**(18.0)**	21.6%
Income From Continued Operations	5.9	**6.4**	8.8%	34.8	**36.9**	5.9%
o.w. Attributable to Non-Controlling Interests	(0.2)	**(0.0)**	(95.6%)	(0.6)	**(0.9)**	33.7%
Net Income	5.7	**6.4**	12.7%	34.2	**36.0**	5.3%

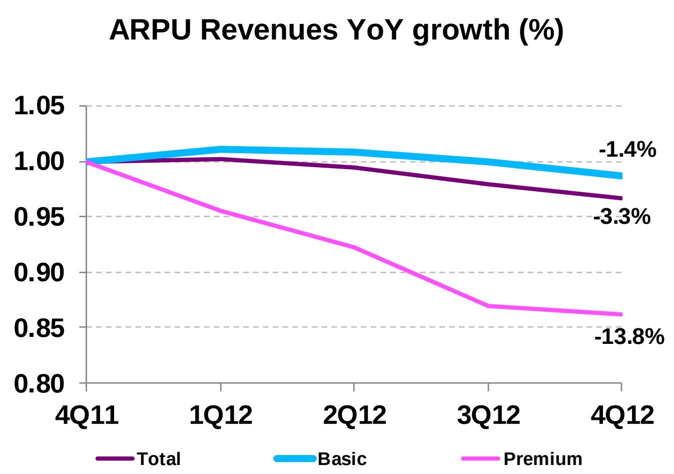
(1) Commercial costs include commissions, marketing and publicity expenses and costs of equipment sold.
(2) EBITDA = Income From Operations + Depreciation and Amortization.
(3) Income From Operations = Income Before Financials and Income Taxes + work force reduction programme costs ± impairment of goodwill ± Losses/Gains on disposal of fixed assets ± Other costs/income.
(4) EBIT = Income Before Financials and Income Taxes.

3.1 Operating Revenues

Consolidated Operating Revenues reached 214.7 million euros in 4Q12, marginally lower, -0.4%, than the revenues generated in 4Q11. Total Revenues in FY12 posted growth of 0.4% to 858.6 million euros.

Core Pay TV, BB and Voice Revenues performed well in terms of flat-fee revenues however pressure during the year came from negative yoy growth in bolt-on premium channel revenues, down by 13.8% yoy in 4Q12. These are a viewed as a discretionary source of spending and more budget constrained customers have tended to reduce this additional spend whilst maintaining the value and service offer of their main services.

Excluding the effect of premium ARPU revenues, Core Pay TV, BB and Voice Revenues fell by 1.4%.



In FY12, ARPU revenues from cable subscribers, adjusted for premium channel revenues, increased yoy by 1.3% reflecting the more stable customer base and higher value proposition of multiple service bundles. DTH revenues equally adjusted for premium services fell by 8% yoy, reflecting the clearly more challenging market environment in which the main competitive differentiator is price.

In terms of Non-ARPU revenues, market-wide lower levels of premium channel subscriptions had an impact on the contribution of ZON's 50% stake in Sport TV.

Revenues from the Audiovisuals business fell by 2.4% yoy to 19.6 million euros in 4Q12, mainly due to the decline in revenues from the sale of homevideo content and of content rights to FTA channels that, due to the significantly lower level of advertising activity, continue to cut back on the costs of their programming grid. In FY12, Audiovisuals Revenues reduced by 3.3% to 70 million euros.

Cinema Exhibition revenues declined by 11.8% yoy in 4Q12 to 13.0 million euros albeit revenues for the full year fell less, by 10.8%, to 52.8 million euros. Cinema-going, market-wide, kicked off to a weak start in October due to a lack of blockbuster movie premieres however this trend later improved with the launch of "Skyfall" and "The Twilight Saga: Breaking Dawn – Part 2", in late October and in November, benefitting sales later in the quarter.

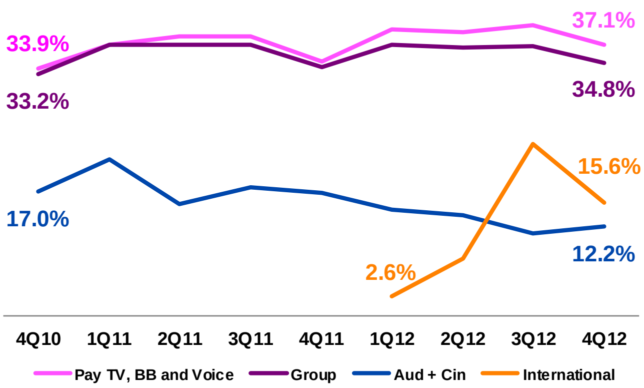
ZON's 30% stake in its international Pay TV operation in Angola and Mozambique rendered revenues of 8.8 million euros in 4Q12, bringing FY12 revenues to 31.6 million euros and revenues for 100% of ZAP in FY12 to 105.4 million euros. The business continues to develop extremely well, with continued strong expansion of the subscriber base every month whilst maintaining a healthy level of ARPU.

3.2 EBITDA

Consolidated EBITDA grew by 1.4% in 4Q12 to 74.7 million euros and in FY12 increased by 0.5% to 312.9 million euros, generating an EBITDA margin of 36.4%.

Core Pay TV, BB and Voice EBITDA reached 69.3 million euros in 4Q12, representing a yoy increase of 2.3% and an EBITDA margin of 37.1%. FY12 EBITDA grew by 1.7% to 292.8 million euros, representing an increase in margin as a percentage of revenues of 1.5 percentage points to 38.8%.

EBITDA Margins (%)



The African JV – "ZAP" (30%) posted EBITDA in 4Q12 of 1.4 million euros bringing total EBITDA for FY12 to 4.3 million euros representing an EBITDA margin of 13.5%, in its second full year of operation, a remarkable achievement by any standard.

The Audiovisuals and Cinema business generated a lower EBITDA of 4.0 million euros in 4Q12, representing an EBITDA margin of 12.2%, down 4.6pp from 16.9% in 4Q11. For FY12, EBITDA declined by 32.1% to 15.9 million euros, generating an EBITDA margin of 12.9%.

3.3 Consolidated Operating Costs

Consolidated Operating Costs fell by 1.4% to 140 million euros in 4Q12 and posted a marginal increase of 0.4% to 545.7 million euros in FY12, however these figures are not comparable due to the proportionate consolidation of the African JV, ZAP, as from 1Q12. Excluding the impact of the consolidation of ZAP, operational costs declined yoy by 6.0% in 4Q12 and by 3.8% in FY12.

Wages and Salaries amounted to 15.5 million euros in 4Q12 and to 59.8 million euros in FY12. Excluding the effect of the consolidation of ZAP, W&S like for like declined by 0.3% and 3.5% respectively. This decrease is explained mainly by a reduction in the average number of employees of 5.0% which occurred mainly in the cinema operation due to the more challenging operating environment and due to an ongoing optimization process of the number of employees per multiplex.

Direct Costs grew by 4.3% in 4Q12 and were flat for FY12. Excluding the impact of the consolidation of ZAP, Direct Costs increased by 2.3% in 4Q12 and declined by 1.8% in FY12. Throughout the year, important savings have been achieved in some programming costs, and also as a result of ongoing efforts to optimize the use of telecom infrastructure.

Commercial Costs excluding the impact of ZAP declined by 37.1% in 4Q12 and 13.2% in FY12, as a result of a decrease in the level of commissions and marketing costs. Total commercial costs increased by 6.3% in FY12 primarily with an increase in COGS (Cost of Goods Sold) explained by the fact that set top boxes at ZAP are sold to customers (rather than rented as they are in Portugal) and therefore are expensed in the period they are sold.

Other Operating Costs reduced by 0.6% and 1% respectively in 4Q12 and FY12. Excluding the impact of the proportionate consolidation of ZAP, Other Operating Costs would have decreased by 4.1% in 4Q12 and by 3.4% in FY12. Some relevant savings were achieved in core areas of the domestic business such as support services, as a result of the implementation of a number of efficiency improvement measures at the contact center level, maintenance and repairs and other SGA. Also, the impact of the savings from the change in the corporate headquarters, which took place during 4Q12, is beginning to be felt.

3.4 Net Income

Net Income was 36 million euros in FY12, 5.3% higher than in FY11.

Depreciation and Amortization posted a year on year decline of 1.4% to 214.6 million euros although this item still remains relatively high in comparison with the annual level of baseline CAPEX due the accumulated backlog of accelerated CAPEX recorded between 2008-2010.

Net Financial Expenses were 1.4% lower in FY12 at 42.4 million euros however this figure is no longer comparable due to the proportionate consolidation of the Angolan JV as from 1Q12. In 2011, ZON had a negative contribution from the consolidation of the African operation of 10.2 million euros which no longer appears in this line of the P&L. For comparative purposes the equivalent Impact for FY12 was a negative contribution at the EBT level of 1.3 million euros. ZAP broke even at the EBT level in 3Q12.

Income Taxes in FY12 amounted to 18 million euros, an increase of 21.6% in comparison with FY11 and representing an effective P&L tax rate of 32.8%. This is slightly above the statutory corporate tax rate of 29.5% due to a few one-off effects in FY12.

4
CAPEX AND CASH FLOW

4.1 CAPEX

Table 4.

CAPEX (Millions of Euros)	4Q11	4Q12	4Q12 / 4Q11	2011	2012	2012 / 2011
Pay TV, Broadband and Voice Infrastructure	23.3	**25.9**	10.9%	81.8	**78.4**	(4.2%)
Terminal Equipment	13.0	**9.5**	(27.1%)	50.6	**33.2**	(34.5%)
Other	2.8	**5.2**	82.4%	8.1	**11.6**	42.3%
"Baseline" CAPEX	39.2	**40.6**	3.4%	140.5	**123.1**	(12.4%)
Non-Recurrent CAPEX	1.3	**0.0**	(100.0%)	9.3	**0.0**	(100.0%)
Total CAPEX	40.5	**40.6**	0.1%	149.9	**123.1**	(17.9%)

As anticipated, CAPEX has reduced significantly from previous years. In FY12, CAPEX amounted to 123.1 million euros, down 17.9% from FY11. Terminal equipment represented 27% of total CAPEX in FY12, 33.2 million euros, much lower than levels recorded in previous years. The decline is due to a combination of lower commercial activity and the subsequent need for customer CAPEX and to the success of the equipment refurbishment process.

Total CAPEX represented 16.3% of Pay TV, BB and Voice revenues in FY12, similar to the run-rate investment level of the sector, reflecting necessary maintenance investments and still some growth related investment.

Significant cash savings from renegotiation of Transponder Contract

In order to provide Pay TV services to customers outside its HFC footprint, ZON leases satellite capacity from Hispasat. At the end of 2012, ZON renegotiated the terms of this lease contract, translating into significant long term cash savings.

Under the previous terms, ending 2016, ZON was leasing 8 transponders. The new terms now agreed, extend the contract until 2025 and ZON will only be leasing 5 transponders translating into a significant reduction in yearly cash payments as from 2014. In 2013, the annual cash outflow will remain the same and some customer premise DTH set-top boxes will need to be replaced in order to be compatible with MPEG 4 compression standards.

The balance sheet accounting impact that results from the combination of a longer contract period (extension from 2016 to 2025) and lower yearly cost for the transponders is an increase in intangible assets and in long-term lease contracts of 29 million euros.

Table 5.

Cash Flow (Millions of Euros)	4Q11	4Q12	4Q12 / 4Q11	2011	2012	2012 / 2011
EBITDA	73.6	**74.7**	1.4%	311.2	**312.9**	0.5%
CAPEX	(40.5)	**(40.6)**	0.1%	(149.9)	**(123.1)**	(17.9%)
Baseline CAPEX	(39.2)	**(40.6)**	3.4%	(140.5)	**(123.1)**	(12.4%)
Non-Recurrent CAPEX	(1.3)	**0.0**	(100.0%)	(9.3)	**0.0**	(100.0%)
EBITDA - CAPEX	33.1	**34.1**	3.0%	161.4	**189.8**	17.6%
Non-Cash Items Included in EBITDA-CAPEX[(1)] and Change in Working Capital	15.4	**32.3**	108.9%	(11.5)	**(1.1)**	(90.7%)
Operating Cash Flow After Investment	48.5	**66.4**	36.7%	149.9	**188.7**	25.9%
Long Term Contracts	(10.2)	**(6.4)**	(37.4%)	(65.3)	**(30.8)**	(52.8%)
Net Interest Paid and Other Financial Charges	(3.6)	**(9.5)**	162.5%	(21.3)	**(35.8)**	67.8%
Income Taxes Paid	(3.9)	**(3.7)**	(3.2%)	(16.5)	**(17.0)**	2.9%
Disposals	0.0	**0.0**	n.a.	6.7	**0.8**	(88.0%)
Other Cash Movements	0.0	**(0.0)**	n.a.	(1.9)	**0.5**	(124.1%)
Free Cash-Flow	30.8	**46.7**	51.4%	51.5	**106.5**	106.6%

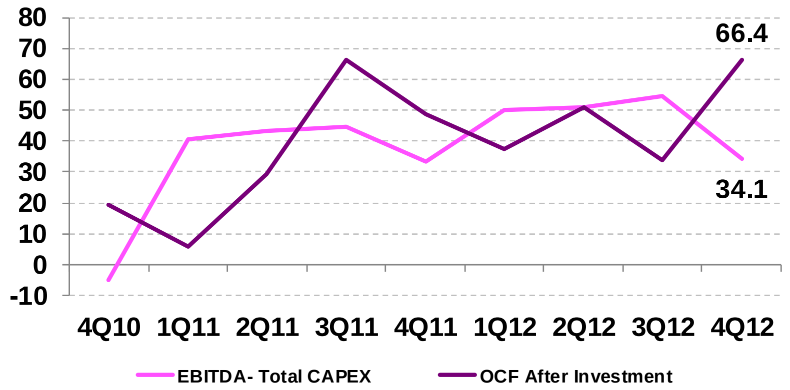
(1) This caption includes non-cash provisions included in EBITDA and non-cash CAPEX related to the upfront capitalization of long term contracts.

4.2 Operating Cash Flow

EBITDA-CAPEX increased by 3% in 4Q12 to 34.1 million euros primarily as a result of a stable performance in CAPEX in the quarter and the yoy improvement of EBITDA.

Operating Cash Flow after Investment recorded an increase of 36.7% yoy from 48.5 million euros in 4Q11 to 66.4 million euros in 4Q12. In 4Q12, as anticipated, Net Working Capital investment and other EBITDA non-cash adjustments amounted to 32.3 million euros, therefore positively impacting performance at the Operating Cash Flow level. Overall, during 2012, net working capital variation remained relatively flat, with 4Q12 compensating for the negative 3Q12.

EBITDA - Total CAPEX and OCF After Investment (Millions of Euros)



4.3 Free Cash Flow

Total FCF in FY12 represented 106.5 million euros, ahead of original expectations of close to 100 million euros and more than double the amount generated in FY11 of 51.5 million euros. This increase is a result of the solid operational performance, cost discipline, the decline in CAPEX to more normalized levels and finally a reduction in cash outflows related with long term contract payments.

5
CONSOLIDATED BALANCE SHEET

Table 6.

Balance Sheet (Millions of Euros)	2011	2012
Current Assets	708.9	**542.3**
Cash and Equivalents	407.4	**308.3**
Accounts Receivable, Net	237.8	**172.4**
Inventories, Net	46.7	**44.3**
Taxes Receivable	5.1	**4.7**
Prepaid Expenses and Other Current Assets	11.9	**12.6**
Non-current Assets	1,076.7	**1,068.7**
Investments in Group Companies	0.5	**0.2**
Intangible Assets, Net	314.7	**319.2**
Fixed Assets, Net	647.1	**632.0**
Deferred Taxes	49.9	**48.1**
Other Non-current Assets	64.5	**69.1**
Total Assets	1,785.6	**1,611.0**
Current Liabilities	789.1	**651.8**
Short Term Debt	500.0	**363.3**
Accounts Payable	207.1	**214.1**
Accrued Expenses	56.5	**51.6**
Deferred Income	3.8	**9.5**
Taxes Payable	17.2	**12.8**
Current Provisions and Other Liabilities	4.6	**0.5**
Non-current Liabilities	761.5	**739.9**
Medium and Long Term Debt	729.4	**721.2**
Non-current Provisions and Other Liabilities	32.1	**18.7**
Total Liabilities	1,550.6	**1,391.7**
Equity Before Non-Controlling Interests	225.0	**209.8**
Share Capital	3.1	**3.1**
Own Shares	(0.6)	**(0.9)**
Reserves, Retained Earnings and Other	188.3	**171.6**
Net Income	34.2	**36.0**
Non-Controlling Interests	10.0	**9.4**
Total Shareholders' Equity	235.0	**219.2**
Total Liabilities and Shareholders' Equity	1,785.6	**1,611.0**

5.1 Capital Structure

At the end of 2012, **Net Financial Debt** stood at 605 million euros, a decrease of 45.5 million euros compared with 9M12.

ZON Multimedia is fully financed until the end of 2014 and the average maturity of Net Financial Debt is now 1.98 years.

The total interest rate hedging operations in place at the end of 4Q12 amounted to 257.5 million euros. Taking into account the bonds issued in June - 200 million euros bearing interest at a fixed rate of 6.85% - the proportion of ZON's Net Financial Debt that is protected against variations in interest rates is 76%.

Total financial debt at the end of 2012 amounted to 958 million euros, which was offset with a cash and short-term investments position on the balance sheet of 353 million euros. The all-in average cost of ZON's Net Financial Debt was 4.96% for 2012.

Net Financial Gearing decreased to 73.4% at the end of 2012 compared with 75.3% at the end of 9M12, and **Net Financial Debt / EBITDA** (last 4 quarters) stands at 1.9x.

Table 7.

Net Financial Debt (Millions of Euros)	2011	2012	2012 / 2011
Short Term	467.4	**342.2**	(26.8%)
Bank and Other Loans	462.4	**334.8**	(27.6%)
Financial Leases	5.0	**7.3**	47.1%
Medium and Long Term	640.4	**615.8**	(3.8%)
Bank Loans	628.6	**607.5**	(3.4%)
Financial Leases	11.7	**8.3**	(29.2%)
Total Debt	1,107.8	**958.0**	(13.5%)
Cash, Short Term Investments and Intercompany Loans	470.3	**353.0**	(24.9%)
Net Financial Debt	637.5	**605.0**	(5.1%)
Net Financial Gearing (1)	73.1%	**73.4%**	0.3pp
Net Financial Debt / EBITDA	2.0x	**1.9x**	n.a.

(1) Net Financial Gearing = Net Financial Debt / (Net Financial Debt + Total Shareholders' Equity).

6
SHAREHOLDER REMUNERATION

The Board of ZON has approved the proposal of a 12 euro cent ordinary dividend per share, representing close to 100% payout ratio. This proposal is subject to final approval of the General Shareholders' Meeting.

7
CORPORATE DEVELOPMENTS

7.1 Proposal to merge ZON Multimédia and Optimus SGPS

On 14 December, ZON was notified that its reference shareholders, Kento Holding Limited and Unitel International Holdings (previously named Jadeium) had reached an agreement with Sonaecom, SGPS,S.A. to request to the Board of Directors of ZON Multimédia and Optimus SGPS the analysis of a merger proposal between the two companies (announcement 14 December 2012).

On 19 December, ZON announced that its Board of Directors had decided to initiate formal negotiations with a view to approving a merger project and subsequently delegated in the Executive Committee, the management and orientation of the negotiation process with the Board of Directors of OPTIMUS. An Ad-hoc Committee was nominated to oversee the negotiations, consisting of Non-Executive Members of the Board of Directors (announcement 19 December 2012).

Subsequently, on 21 January, 2013, the Board of Directors of ZON met and approved the merger project and proposed that it be submitted for shareholder approval at an EGM to be convened within the legal notice period and subject to non-opposition by the Portuguese Competition Authority (ADC) and validation by the Portuguese Securities Commission (CMVM).

The full details of the aforementioned deliberations and the respective merger proposal may be found in the announcement also made on 21 January and available on the ZON institutional website on www.zon.pt/ir.

7.2 Sport TV – Consolidation of interests in TV and Multimedia Sports rights into a single entity

On 20 December 2012 ZON announced that an agreement had been reached to consolidate the shareholdings in Sport TV Portugal S.A., (“Sport TV”), Sportinveste Multimedia, SGPS S.A. (“Sportinveste”), and PPTV Publicidade de Portugal e Televisão S.A. (“PPTV”), and their respective operations, into a single entity that will manage TV and Multimedia (internet and mobile) sports rights, for the Portuguese market (announcement available on ZON’s institutional website at www.zon.pt/ir). As a result of the transactions necessary to consolidate these operations, ZON will reduce its shareholding to 25% in Sport TV, receiving a cash inflow of around 46 million euros. Formalization of this new entity is conditional upon receiving approval from the Portuguese Competition Authority and the compliance of some contractual conditions by the parties involved, namely Sport TV securing autonomous funding.

The agreement announced will translate into efficiency gains in the management of the rights and will help to promote the development of both traditional TV and new online and mobile distribution platforms for sports related content to all operators, against a backdrop of increasing fixed and mobile convergence and will also increase the international reach of Portuguese Sports content. This agreement does not prevent ZON and PT from carrying other sports related channels on their networks.

7.3 Sport TV – Renegotiation of Portuguese Football League contract

On 20 December 2012, ZON also announced that Sport TV had signed an agreement with PPTV – Publicidade de Portugal e Televisão, S.A., to renew the contract for the TV broadcasting of football matches in the Portuguese Leagues for a further 3 years, until the end of the 2015/2016 football season with the remuneration model for these broadcasting rights bearing a greater connection to the level of revenues generated by Sport TV.

8
APPENDIX

8.1 APPENDIX I

Table 8.

Business Indicators ('000)	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12
Pay TV, Broadband and Voice (1)								
Homes Passed [(2)]	3,206.9	3,223.3	3,151.0	3,152.6	3,187.4	3,204.5	3,224.5	**3,243.2**
Basic Subscribers [(3)]	1,554.4	1,552.8	1,554.2	1,567.1	1,586.8	1,586.3	1,574.4	**1,570.1**
of which								
Fixed Broadband	704.7	714.8	725.0	739.2	748.6	751.5	766.2	**790.0**
Fixed Voice	807.5	826.8	844.0	883.9	921.4	947.0	960.2	**976.4**
Mobile [(4)]	114.7	118.4	133.4	125.0	124.1	129.4	138.0	**130.5**
Cable Subscribers	1,155.5	1,157.8	1,162.4	1,178.4	1,204.6	1,210.8	1,204.3	**1,209.6**
IRIS Subscribers	28.3	46.2	65.0	97.0	118.9	161.5	193.0	**234.8**
Triple Play Customers	666.0	678.5	688.8	708.7	715.7	730.9	751.7	**772.6**
% Triple Play Cable Customers	57.6%	58.6%	59.3%	60.1%	59.4%	60.4%	62.4%	**63.9%**
Double Play Customers	160.7	163.7	169.3	184.6	219.1	212.8	200.7	**200.1**
% Double Play Cable Customers	13.9%	14.1%	14.6%	15.7%	18.2%	17.6%	16.7%	**16.5%**
Single Play Customers	328.8	315.6	304.2	285.1	269.8	267.2	251.9	**236.9**
% Single Play Cable Customers	28.5%	27.3%	26.2%	24.2%	22.4%	22.1%	20.9%	**19.6%**
DTH Subscribers	398.9	395.0	391.9	388.7	382.2	375.5	370.1	**360.5**
Premium Sports and Movies Penetration [(5)]	44.1%	41.6%	42.9%	41.9%	40.8%	40.2%	41.3%	**39.4%**
RGUs [(6)]	3,181.3	3,212.8	3,256.6	3,315.1	3,381.0	3,414.1	3,438.7	**3,467.0**
Cable RGUs per Subscriber (units) [(7)]	2.29	2.31	2.33	2.36	2.37	2.39	2.42	**2.45**
Blended ARPU (Euros)	35.8	35.8	36.0	35.5	35.0	34.7	34.3	**34.0**
Net Additions								
Triple Play Customers	23.8	12.5	10.3	19.9	7.0	15.2	20.8	**20.9**
Basic Subscribers	(17.1)	(1.6)	1.4	12.8	19.8	(0.5)	(11.9)	**(4.3)**
Cable Subscribers	(8.4)	2.3	4.6	16.0	26.2	6.3	(6.6)	**5.4**
DTH Subscribers	(8.7)	(3.9)	(3.1)	(3.2)	(6.5)	(6.7)	(5.3)	**(9.7)**
Fixed Broadband	14.4	10.1	10.2	14.2	9.4	2.8	14.7	**23.8**
Fixed Voice	29.9	19.3	17.3	39.9	37.5	25.6	13.2	**16.2**
Mobile	6.8	3.7	15.0	(8.4)	(0.8)	5.2	8.6	**(7.5)**
RGUs	33.9	31.5	43.8	58.5	65.8	33.1	24.6	**28.3**
Cinema [(1)]								
Revenue per Ticket (Euros)	4.7	4.9	5.1	4.8	4.8	4.9	4.9	**4.7**
Tickets Sold	2,016.5	2,093.6	2,371.7	2,260.4	1,724.9	1,714.1	2,383.2	**1,992.4**
Screens (units)	217	217	217	217	210	210	210	**210**

(1) Portuguese operations.
(2) The number of homes passed was corrected in 3Q11, consisting of a database cleanup of around 86.5 thousand homes. Data for the previous quarters was not restated.
(3) These figures are related to the total number of Pay TV basic customers, including the cable and satellite platforms. ZON Multimedia offers several basic services, based on different technologies, directed to different market segments (residential, real estate and corporate), with a distinct geographical scope (mainland Portugal and the Azores and Madeira islands) and with a variable number of channels.
(4) Mobile subscribers include Mobile Voice and Mobile Broadband.
(5) Includes Sports, Movies and other Premium channels with relevant scale and Subscription VoD services.
(6) Total RGUs reported reflect the sum of Pay TV, Fixed Broadband, Fixed Voice and Mobile services.
(7) Cable RGUs per Subscriber correspond to the sum of Cable Pay TV, Broadband and Voice Subscribers, divided by the number of Cable Pay TV Customers.

8.2 APPENDIX II

Table 9.

Profit and Loss Statement (Millions of Euros)	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012
Operating Revenues	214.1	211.5	213.7	215.6	854.8	214.2	214.4	215.3	**214.7**	858.6
Pay TV, Broadband and Voice	195.6	191.6	191.4	193.8	772.4	191.9	191.0	185.4	**186.8**	755.0
Audiovisuals	17.1	17.7	17.6	20.1	72.4	17.1	17.6	15.7	**19.6**	70.0
Cinema	13.6	14.4	16.5	14.7	59.2	11.8	11.9	16.2	**13.0**	52.8
International	0.0	0.0	0.0	0.0	0.0	6.4	7.3	9.1	**8.8**	31.6
Others and Eliminations	(12.1)	(12.2)	(11.9)	(12.9)	(49.2)	(13.0)	(13.3)	(11.1)	**(13.4)**	(50.8)
Operating Costs Excluding D&A	(134.6)	(132.9)	(134.1)	(142.0)	(543.6)	(134.5)	(135.6)	(135.6)	**(140.0)**	(545.7)
W&S	(14.7)	(14.4)	(15.3)	(14.9)	(59.3)	(14.3)	(15.1)	(14.9)	**(15.5)**	(59.8)
Direct Costs	(61.1)	(60.9)	(61.2)	(60.8)	(243.9)	(58.4)	(59.3)	(62.3)	**(63.4)**	(243.4)
Commercial Costs (1)	(15.2)	(12.1)	(13.1)	(21.6)	(62.1)	(16.2)	(17.0)	(16.2)	**(16.7)**	(66.0)
Other Operating Costs	(43.6)	(45.5)	(44.5)	(44.7)	(178.3)	(45.7)	(44.1)	(42.2)	**(44.5)**	(176.5)
EBITDA (2)	79.5	78.5	79.6	73.6	311.2	79.7	78.8	79.7	**74.7**	312.9
EBITDA Margin	37.1%	37.1%	37.2%	34.1%	36.4%	37.2%	36.8%	37.0%	**34.8%**	36.4%
Pay TV, Broadband and Voice	72.9	73.6	73.6	67.7	287.8	75.3	74.2	74.0	**69.3**	292.8
EBITDA Margin	37.3%	38.4%	38.4%	35.0%	37.3%	39.2%	38.9%	39.9%	**37.1%**	38.8%
Audiovisuals and Cinema Exhibition	6.6	4.9	6.0	5.9	23.4	4.2	4.0	3.6	**4.0**	15.9
EBITDA Margin	21.5%	15.3%	17.6%	16.9%	17.7%	14.6%	13.7%	11.3%	**12.2%**	12.9%
International	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.6	2.1	**1.4**	4.3
EBITDA Margin	n.a.	n.a.	n.a.	n.a.	n.a.	2.6%	7.8%	23.5%	**15.6%**	13.5%
Depreciation and Amortization	(55.6)	(53.3)	(55.5)	(53.3)	(217.6)	(55.9)	(51.5)	(52.6)	**(54.5)**	(214.6)
Income From Operations (3)	24.0	25.3	24.1	20.3	93.6	23.7	27.3	27.1	**20.2**	98.3
(Other Expenses) / Income	0.3	(0.9)	(0.4)	0.0	(1.0)	(0.1)	(0.9)	0.4	**(0.4)**	(1.0)
Operating Profit (EBIT) (4)	24.3	24.3	23.7	20.3	92.7	23.7	26.5	27.5	**19.7**	97.3
(Financial Expenses) / Income	(10.3)	(10.5)	(10.5)	(11.8)	(43.0)	(8.3)	(10.7)	(11.9)	**(11.5)**	(42.4)
Income Before Income Taxes	14.0	13.9	13.3	8.5	49.6	15.3	15.8	15.6	**8.2**	54.9
Income Taxes	(3.6)	(4.6)	(3.9)	(2.7)	(14.8)	(4.6)	(5.8)	(5.8)	**(1.8)**	(18.0)
Income From Continued Operations	10.4	9.2	9.3	5.9	34.8	10.7	10.0	9.8	**6.4**	36.9
o.w. Attributable to Non-Controlling Interests	(0.2)	(0.0)	(0.2)	(0.2)	(0.6)	(0.3)	(0.3)	(0.2)	**(0.0)**	(0.9)
Net Income	10.2	9.2	9.1	5.7	34.2	10.3	9.7	9.6	**6.4**	36.0
Baseline CAPEX	35.9	33.8	31.7	39.2	140.5	29.6	27.7	25.2	**40.6**	123.1
Total CAPEX	38.8	35.5	35.1	40.5	149.9	29.6	27.7	25.2	**40.6**	123.1
Free Cash Flow	(2.0)	(15.1)	37.9	30.8	51.5	16.3	33.6	9.9	**46.7**	106.5
Net Financial Debt	641.7	706.8	668.3	637.5	637.5	644.6	660.4	650.5	**605.0**	605.0

(1) Commercial costs include commissions, marketing and publicity expenses and costs of equipment sold;
(2) EBITDA = Income From Operations + Depreciation and Amortization;
(3) Income From Operations = Income Before Financials and Income Taxes + work force reduction programme costs + impairment of goodwill ± Losses/Gains on disposal of fixed assets ± Other costs/income;
(4) EBIT = Income Before Financials and Income Taxes .

9
DISCLAIMER

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10
ENQUIRIES

Chief Financial Officer: José Pedro Pereira da Costa
Tel.: (+351) 21 799 88 19

Analysts/Investors: Maria João Carrapato
Tel.: (+351) 21 782 47 25 / E-mail: ir@zon.pt

Press: Paulo Camacho / Irene Luís
Tel.: (+351) 21 782 48 07 / E-mail: comunicacao.corporativa@zon.pt

Conference call scheduled for 5pm (UK/Lisbon time) on 22 January 2013 **Conference ID: 88743820**

UK Standard International: +44 1452 555 566 **USA Dial In:** +1 866 966 94 39

Encore Replay Access Number: 88743820# **International Encore Dial In:** +44 1452 550 000

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