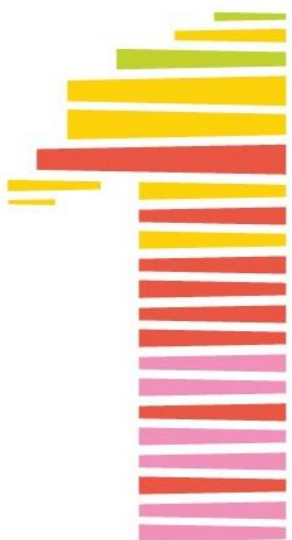




Earnings Announcement



3Q15 Highlights

Table 1.

3Q15 Highlights	3Q14	2Q15	3Q15	3Q15 / 3Q14	3Q15 / 2Q15
Operational Highlights					
Total RGUs (Net Adds)	149.6	248.4	247.1	65.1%	(0.5%)
Convergent RGUs (Net Adds)	480.0	248.7	221.7	(53.8%)	(10.8%)
Mobile (Net Adds)	138.7	130.8	163.9	18.2%	25.3%
Pay TV (Net Adds)	(4.7)	13.9	19.5	n.a.	40.9%
IRIS Subscribers (Net Adds)	71.9	41.6	41.0	(43.1%)	(1.4%)
Convergent RGUs	1,487.7	2,443.2	2,665.0	79.1%	9.1%
Convergent Customers	303.3	509.8	555.6	83.2%	9.0%
Convergent Customers as % of Fixed Access Customers	23.8%	37.5%	40.2%	16.5pp	2.8pp
Residential ARPU / Unique Subscriber With Fixed Access (Euros)	38.4	42.3	42.3	10.0%	(0.0%)
Financial Highlights					
Operating Revenues	347.8	355.9	367.9	5.8%	3.4%
Telco Revenues	332.3	338.3	347.6	4.6%	2.7%
EBITDA	133.4	138.5	143.5	7.5%	3.6%
EBITDA Margin	38.4%	38.9%	39.0%	0.6pp	0.1pp
Net Income	18.8	24.1	26.2	39.8%	9.0%

INTENSE GROWTH DRIVING OPERATIONAL PERFORMANCE AND ACCELERATING FINANCIAL TURNAROUND, SUPPORTED BY STRONG INVESTMENT

CONSOLIDATED RESULTS

Acceleration in yoy financial trends led by intense momentum in the core telco business and further enhanced by the strong performance of audiovisuals and cinema

- Operating revenues increased 5.8% yoy to 367.9 million euros, building up from 2.0% and 3.2% yoy in 1Q15 and 2Q15 respectively;
- EBITDA was up yoy by 7.5% to 143.5 million euros, representing a margin of 39%;
- Total CAPEX amounted to 97.9 million euros, up by 13.1% yoy on the back of higher telco growth related investment.

TELCO BUSINESS

Operational growth momentum remains very strong with very strong quarter for RGU net-adds

- RGU net adds of 247.1 thousand in 3Q15;
- Pay TV subscribers grew by 19.5 thousand in 3Q15, accelerating the positive trend of the previous quarters and further reinforcing NOS' market share;
- Fixed voice and broadband services increased by 22.3 and 38.8 thousand respectively, led by strength in convergence and cross selling over the increasing pay consumer TV base;

- Mobile net adds reached 163.9 thousand, led by still strong performance in convergent services, net growth in stand-alone mobile services and by the seasonal uptake in mobile voice and data cards during the summer months;
- Convergent bundles grew by 45.8 thousand to 555.6 thousand, already representing 36.5% of the pay TV subscriber base and 40.2% of fixed access pay TV subscribers;
- Residential ARPU increased by 10.0% yoy to 42.3 euros led by increased RGU penetration per household;
- Positive impact of large corporate accounts on business revenues;
- B2B RGUs posted growth of 54.0 thousand in 3Q15 translating continued growth in market presence.

Continued improvement in yoy financial trends in the core telco segment led by strong operational growth

- Telco Revenues increased by 4.6% to 347.6 million euros and EBITDA increased by 4.8% yoy to 129.8 million euros, representing an EBITDA margin of 37.3%;
- Intense commercial growth phase driving higher levels of investment with recurrent telco CAPEX reaching 67.6 million euros in 3Q15.

AUDIOVISUALS and CINEMA BUSINESS

Exceptionally good line up of box office hits driving very strong performance in audiovisual distribution and cinema exhibition

- Ticket sales reached 2.677 million in 3Q15, the best quarter ever for NOS' exhibition business and up by 39.1% yoy;
- Cinema revenues grew by 31.9% yoy to 16.9 million euros and revenues from the Audiovisuals division increased by 30.0% to 18.2 million euros;
- Combined EBITDA increased by 42.6% to 13.7 million euros, representing a margin of 45.2%.

1 - 3Q15 Consolidated Results

1.1 – Pay TV base increasing yoy, led by strength of commercial proposition and increased network footprint

Pay TV net adds first turned positive in 4Q14 and have been increasing in scale ever since taking the total pay TV base up to 1,522 thousand by the end of 3Q15, 3.6% higher yoy. Net-adds in 3Q15 were 19.5 thousand, up from 7.1 thousand in 4Q14 and from 13.9 thousand in 2Q15. Growth occurred in both the fixed access and DTH customer base, with fixed access customers posting growth of 14.6 thousand net adds and the DTH base increasing by 5 thousand. The successful turnaround of the pay TV base after a long-term trend of market share decline reflects the strength of NOS' convergent value proposition and successful network expansion and the increased focus and effectiveness of a more proactive retention activity which in turn is driving materially lower levels of churn and higher levels of customer loyalty.

1.2 – Very strong RGU net adds led by growth across all business lines, supported by convergence, cross-selling and B2B growth

All core telco services posted material growth in 3Q15 with total RGU net adds increasing to 247.1 thousand.

The main drivers of the positive performance are the success of convergent bundles and cross-selling. By the end of 3Q15, over 555 thousand customers were subscribing to convergent bundles, representing 36.5% of the Pay TV customer base. Of the fixed access pay TV base, over 40.2% were subscribers to convergent offers.

The total number of RGUs within convergent bundles grew by 79.1% yoy to 2.665 million RGU, representing an average of 4.8 RGUs per unique convergent customer.

NOS segments its convergent offers to address all market segments with offers ranging from a low end Pay TV and mobile double play offer, NOS Dois, up to a high-end five service offer, NOS Cinco, that offers high-end Pay TV (158 channels), Broadband (100 Mbps), Mobile 4G Broadband (6GB), Fixed Voice and Mobile Voice and Data (standard 1 GB per SIM card). Results are proving very encouraging with a good proportion of mobile data sensitive customers subscribing to the higher-end NOS Quatro offer for 54.99 euros in order to benefit from the 500MB/1GB data allowances per SIM card.

Fixed broadband and voice customers also posted material growth in 3Q15 of 38.8 thousand and 22.3 thousand respectively, led by the strong performance of the pay TV base, cross selling activity and convergent take-up, over both the fixed and DTH networks and growth in the business segment.

The "IRIS" TV interface which is included by default in NOS' convergent offers is now present in 88% of the 3,4&5 play customer base. With its client server architecture, IRIS provides a multidevice NOS ecosystem that also allows for more agile and flexible platform developments and upgrades than other solutions in the market. Being at the forefront of innovation in pay TV and content interactivity is a core priority and on 9 September NOS pioneered the launch of an in-house OTT like platform, "N Play". The new service is available to all IRIS customers within their TV set top box, computer and tablet, replicating the IRIS ecosystem for all devices. The service is a subscription based content library that enables customers to access a broad array of movies and series that are refreshed on a monthly basis. For a promotional period the first three months are offered for free and will then be charged at 7.5 euros per month.

1.3 – Further strong growth in mobile customers led by convergence, stand-alone mobile recovery and holiday seasonality

Mobile net-adds were 163.9 thousand in 3Q15 taking the total subscriber base up to 4.025 million and further reinforcing NOS' mobile market share. This strong pace of growth in the mobile base is happening not only in the mostly convergent post-paid base but also in pre-paid subscribers which again recorded positive net adds in 3Q15 and was also due to seasonally higher mobile voice and data net adds in the summer months.

Positive quarterly performance in the pre-paid segment resulted from a combination of lower migration to convergent products from within the NOS mobile customer base and is also due to the success of offers targeting niche segments of the stand-alone mobile market, namely the youth brand WTF which continues to show encouraging growth trends.

Post-paid customers now represent 49% of the mobile customer base, up from just 41% at the end of 3Q14.

1.4 – Positive contribution of large corporate accounts and solid RGU growth in Mass Business

Revenues from large corporate accounts won in the last quarters of 2014 had a material impact in 3Q15 as well as a ramp up in revenues from additional accounts won throughout the first quarters of 2015. NOS has gained significant traction in this market through a segmented approach by sector and due to its much enhanced competitive and technological positioning as a result of the merger. Delivery has been particularly noteworthy given the simultaneous scheduling and execution work required for most of these very technically sophisticated and demanding new institutional clients. Additional growth drivers are also materializing in the ICT segment, in areas such as datacentre management, information system outsourcing, cloud based services and application management.

The SoHo and SME segment is posting material growth in RGUs consolidating the reversal in long term trends and is now also starting to grow in terms of number of unique accounts however yoy trends in revenues are still negative due to the still very challenging pricing environment in this segment which have not yet been offset by the strong growth in volume.

In 3Q15 total RGUs in the Business segment increased by 17.2% yoy to 1.225 million and net adds in the quarter reached 54 thousand, led by growth across all core services.

1.5 - Residential ARPU continues to grow due to increased RGU penetration per household

Average revenues per household continue to grow as a result of the continued growth in convergent bundles and cross-selling of services to the residential customer base. Residential ARPU increased by 10.0% yoy to 42.3 euros.

ARPU per RGU in the business segment continued to post a negative trend yoy due to the continued impact of backbook repricing in the SoHo and SME segment, albeit declining at a lower pace than before.

Table 2.

Operating Indicators ('000)	3Q14	2Q15	3Q15	3Q15 / 3Q14	3Q15 / 2Q15	9M14	9M15	9M15 / 9M14
Telco⁽¹⁾								
Aggregate Indicators								
Homes Passed	3,252.4	3,468.0	3,543.5	9.0%	2.2%	3,252.4	3,543.5	9.0%
Total RGUs	7,445.2	8,010.2	8,257.3	10.9%	3.1%	7,445.2	8,257.3	10.9%
Mobile	3,535.8	3,861.2	4,025.1	13.8%	4.2%	3,535.8	4,025.1	13.8%
Pre-Paid	2,085.2	2,030.1	2,065.7	(0.9%)	1.8%	2,085.2	2,065.7	(0.9%)
Post-Paid	1,450.5	1,831.1	1,959.4	35.1%	7.0%	1,450.5	1,959.4	35.1%
ARPU / Mobile Subscriber (Euros)	9.7	9.2	9.2	(5.4%)	(0.8%)	9.4	8.9	(5.0%)
Pay TV	1,469.6	1,502.5	1,522.0	3.6%	1.3%	1,469.6	1,522.0	3.6%
Fixed Access ⁽²⁾	1,166.1	1,183.6	1,198.1	2.7%	1.2%	1,166.1	1,198.1	2.7%
DTH	303.5	318.9	323.9	6.7%	1.6%	303.5	323.9	6.7%
Fixed Voice	1,464.6	1,553.0	1,575.3	7.6%	1.4%	1,464.6	1,575.3	7.6%
Broadband	957.3	1,066.9	1,105.7	15.5%	3.6%	957.3	1,105.7	15.5%
Others and Data	17.9	26.6	29.2	62.7%	9.5%	17.9	29.2	62.7%
3,4&5P Subscribers (Fixed Access)	829.6	904.9	936.7	12.9%	3.5%	829.6	936.7	12.9%
% 3,4&5P (Fixed Access)	71.1%	76.5%	78.2%	7.0pp	1.7pp	71.1%	78.2%	7.0pp
Convergent RGUs	1,487.7	2,443.2	2,665.0	79.1%	9.1%	1,487.7	2,665.0	79.1%
Convergent Customers	303.3	509.8	555.6	83.2%	9.0%	303.3	555.6	83.2%
Fixed Convergent Customers as % of Fixed Access Customers	23.8%	37.5%	40.2%	16.5pp	2.8pp	23.8%	40.2%	16.5pp
% Convergent Customers	20.6%	33.9%	36.5%	15.9pp	2.6pp	20.6%	36.5%	15.9pp
IRIS Subscribers	633.2	784.2	825.1	30.3%	5.2%	633.2	825.1	30.3%
IRIS as % of 3,4&5P Subscribers (Fixed Access)	76.3%	86.7%	88.1%	11.8pp	1.4pp	76.3%	88.1%	11.8pp
Net Adds								
Homes Passed	9.1	75.0	75.5	n.a.	0.7%	10.5	217.8	1968.3%
Total RGUs	149.6	248.4	247.1	65.1%	(0.5%)	232.2	646.7	178.6%
Mobile	138.7	130.8	163.9	18.2%	25.3%	292.4	381.9	30.6%
Pre-Paid	(24.0)	5.1	35.6	n.a.	n.a.	(165.8)	4.5	n.a.
Post-Paid	162.6	125.7	128.3	(21.1%)	2.0%	458.1	377.4	(17.6%)
Pay TV	(4.7)	13.9	19.5	n.a.	40.9%	(48.4)	45.2	n.a.
Fixed Access ⁽²⁾	(6.1)	9.6	14.6	n.a.	52.2%	(37.6)	31.5	n.a.
DTH	1.4	4.3	5.0	252.7%	15.6%	(10.8)	13.7	n.a.
Fixed Voice	(7.9)	59.6	22.3	n.a.	(62.5%)	(50.4)	97.7	n.a.
Broadband	22.8	39.5	38.8	70.1%	(1.8%)	35.2	112.8	220.3%
Others and Data	0.8	4.6	2.5	237.6%	(45.1%)	3.4	9.2	173.5%
3,4&5P Subscribers (Fixed Access)	19.0	26.8	31.9	67.7%	19.0%	22.6	85.1	276.3%
Convergent RGUs	480.0	248.7	221.7	(53.8%)	(10.8%)	1,275.3	811.7	(36.4%)
Convergent Customers	101.6	53.0	45.8	(54.9%)	(13.6%)	258.0	171.0	(33.7%)
IRIS Subscribers	71.9	41.6	41.0	(43.1%)	(1.4%)	195.6	131.6	(32.7%)

(1) Portuguese Operations

(2) Fixed Access Subscribers include customers served by the HFC, FTTH and ULL networks and indirect access customers.

Table 3.

Operating Indicators ('000)	3Q14	2Q15	3Q15	3Q15 / 3Q14	3Q15 / 2Q15	9M14	9M15	9M15 / 9M14
Telco ⁽¹⁾								
Indicators per Segment								
Consumer								
Total RGUs	6,400.6	6,839.7	7,032.7	9.9%	2.8%	6,400.6	7,032.7	9.9%
Unique Subscribers With Fixed Access ⁽²⁾	1,107.3	1,113.9	1,126.0	1.7%	1.1%	1,107.3	1,126.0	1.7%
Pay TV	1,387.6	1,404.5	1,418.5	2.2%	1.0%	1,387.6	1,418.5	2.2%
Fixed Access	1,102.3	1,110.6	1,121.4	1.7%	1.0%	1,102.3	1,121.4	1.7%
DTH	285.2	293.9	297.2	4.2%	1.1%	285.2	297.2	4.2%
IRIS Subscribers	611.1	753.7	791.9	29.6%	5.1%	611.1	791.9	29.6%
Broadband	870.5	969.9	1,004.8	15.4%	3.6%	870.5	1,004.8	15.4%
Fixed Voice	1,265.6	1,306.7	1,318.4	4.2%	0.9%	1,265.6	1,318.4	4.2%
Mobile	2,876.8	3,158.6	3,291.0	14.4%	4.2%	2,876.8	3,291.0	14.4%
% 1P (Fixed Access)	12.5%	9.2%	8.3%	(4.2pp)	(0.8pp)	12.5%	8.3%	(4.2pp)
% 2P (Fixed Access)	17.1%	15.1%	14.2%	(2.9pp)	(0.9pp)	17.1%	14.2%	(2.9pp)
% 3,4&5P (Fixed Access)	70.4%	75.7%	77.5%	7.1pp	1.8pp	70.4%	77.5%	7.1pp
ARPU / Unique Subscriber With Fixed Access (Euros)	38.4	42.3	42.3	10.0%	(0.0%)	37.7	42.0	11.5%
Net Adds								
Total RGUs	134.5	167.9	193.0	43.5%	15.0%	169.4	486.7	187.4%
Unique Subscribers With Fixed Access	(13.5)	5.2	12.2	n.a.	134.3%	(71.0)	19.5	n.a.
Pay TV	(10.8)	8.5	14.0	n.a.	65.7%	(61.6)	27.2	n.a.
Fixed Access	(9.8)	5.5	10.7	n.a.	95.9%	(47.0)	18.8	n.a.
DTH	(1.0)	3.0	3.3	n.a.	10.5%	(14.6)	8.4	n.a.
IRIS Subscribers	68.2	38.7	38.1	(44.0%)	(1.5%)	186.2	123.5	(33.7%)
Broadband	18.3	34.4	34.9	90.4%	1.3%	25.0	101.0	304.9%
Fixed Voice	(8.8)	16.3	11.6	n.a.	(28.7%)	(54.2)	41.7	n.a.
Mobile	135.9	108.6	132.4	(2.5%)	21.9%	260.1	316.8	21.8%
Business								
Total RGUs	1,044.7	1,170.5	1,224.5	17.2%	4.6%	1,044.7	1,224.5	17.2%
Pay TV	82.0	98.0	103.4	26.1%	5.6%	82.0	103.4	26.1%
IRIS Subscribers	22.1	30.5	33.3	50.9%	9.2%	22.1	33.3	50.9%
Broadband	104.8	123.6	130.1	24.2%	5.2%	104.8	130.1	24.2%
Fixed Voice	198.9	246.3	257.0	29.2%	4.3%	198.9	257.0	29.2%
Mobile	658.9	702.6	734.1	11.4%	4.5%	658.9	734.1	11.4%
ARPU per RGU (Euros)	19.0	18.6	17.7	(6.8%)	(5.0%)	19.8	18.4	(7.1%)
Net Adds								
Total RGUs	15.1	80.5	54.0	257.6%	(32.9%)	62.8	160.0	154.8%
Pay TV	6.1	5.4	5.5	(10.6%)	1.8%	13.2	18.0	36.9%
IRIS Subscribers	3.8	2.8	2.8	(25.2%)	(0.3%)	9.4	8.1	(14.1%)
Broadband	5.3	9.7	6.5	23.2%	(33.5%)	13.6	20.9	53.8%
Fixed Voice	0.9	43.2	10.7	n.a.	(75.3%)	3.8	55.9	n.a.
Mobile	2.8	22.2	31.4	n.a.	41.6%	32.2	65.1	101.9%

(1) Portuguese Operations

(2) Fixed Access Subscribers include customers served by the HFC, FTTH and ULL networks and indirect access customers.

1.6 – Cinemas and Audiovisuals

Table 4.

Operating Indicators ('000)	3Q14	2Q15	3Q15	3Q15 / 3Q14	3Q15 / 2Q15	9M14	9M15	9M15 / 9M14
Cinema ⁽¹⁾								
Revenue per Ticket (Euros)	4.7	4.7	4.6	(2.2%)	(1.5%)	4.7	4.6	(1.4%)
Tickets Sold	1,924.4	2,003.6	2,676.8	39.1%	33.6%	5,196.7	6,661.7	28.2%
Screens (units)	214	215	215	0.5%	0.0%	214	215	0.5%

⁽¹⁾ Portuguese Operations

In 3Q15, NOS' Cinema ticket sales posted an increase of 39.1% to a record of 2.677 million tickets, which compares with an increase in total market ticket sales of 35.1%¹. This was an exceptionally positive quarter, actually the best quarter ever, with August beating the record also as the best ever month in terms of ticket sales with 1.2 million tickets sold.

The most successful films shown in 3Q15 were "Minions", "O Pátio das Cantigas", "Mission: Impossible – Rogue Nation", "Inside Out" and "Ted 2". "Minions" became the all-time second best-selling movie in Portugal, with 932 thousand tickets sold, only behind "Avatar", while "O Pátio das Cantigas" became the all time best-selling Portuguese movie with 602 thousand tickets sold.

NOS opened the first IMAX® DMR - Digital 3D screen in Lisbon in June 2013, with a second screen opening in Oporto in April 2015. Having now completed 10 quarters of operation, this premium cinema experience continues to prove very successful.

Average revenue per ticket sold posted a yoy decline of 2.2% to 4.6 euros in 3Q15.

NOS' gross box-office revenues increased by 36.3% in 3Q15, which compares with 33.5% for the market as a whole, as NOS continues to maintain its leading market position, with a market share of 63.8% in terms of gross revenues in 3Q15. Total Cinema Exhibition revenues improved by 31.9% yoy in 3Q15 to 16.9 million euros.

Revenues in the Audiovisuals division improved by 30.0% yoy, to 18.2 million euros in 3Q15. Revenues were driven primarily by the improved performance in Cinema Distribution. Of the top 10 cinema box-office hits in 3Q15, NOS distributed 8 (including the top 7 movies), "Minions", "O Pátio das Cantigas", "Mission: Impossible – Rogue Nation", "Inside Out", "Ted 2", "Terminator: Genisys", "Ant-Man" and "Magic Mike XXL", therefore maintaining its leading position.

¹ Source: ICA – Portuguese Institute For Cinema and Audiovisuals

1.7 – ZAP

ZAP has become a reference operator in Angola and Mozambique, with continued success of its commercial operations. To maintain this successful trend, ZAP opened two new stores in Angola (Waku-Kungo and Ulengo) and revamped its existing stores adding digital posters to increase the effectiveness of its marketing and communications campaigns.

Following the launch of "ZAP Fibra", a TV and internet bundle based on an FTTH solution, in the first quarter of this year, ZAP is now engaged in growing its FTTH subscribers and increasing the footprint of its network in Luanda.

ZAP continues to differentiate from its competition in these countries by improving its content line-up, in order to meet its customers' highest expectations. During this quarter, ZAP added in exclusive to its packages 3 channels from Globo Network, bringing to ZAP a mix of the best entertainment, news and sports programming from Brazil. The channels added were (i) Globo TV (available in HD), a general entertainment channel where the most recent productions from Globo Network are broadcast, (ii) PFC, a sports channel featuring the matches of the Brazilian Football League and (iii) Globo ON, a channel produced exclusively for ZAP that airs the most successful Globo Network productions from the past years.

ZAP has also secured the non-exclusive rights to broadcast the Spanish Football League (La Liga) for the Angolan territory. Local surveys show that La Liga is one of the main international sports competitions followed by the Angolan people and ZAP is now broadcasting up to 10 of its matches every match day.

In Mozambique, ZAP inaugurated its new Headquarters, improving the working conditions of its employees, enabling them to be increasingly efficient in achieving the company's objectives of growth.

2 - Consolidated Financial Statements

2.1 – Consolidated Income Statement

The consolidated accounts for 9M15 were subject to limited review.

Table 5.

Profit and Loss Statement (Millions of Euros)	3Q14	2Q15	3Q15	3Q15 / 3Q14	3Q15 / 2Q15	9M14	9M15	9M15 / 9M14
Operating Revenues	347.8	355.9	367.9	5.8%	3.4%	1,030.1	1,067.9	3.7%
Telco	332.3	338.3	347.6	4.6%	2.7%	986.0	1,013.6	2.8%
Consumer Revenues	204.0	213.3	215.0	5.4%	0.8%	614.9	638.5	3.8%
Business and Wholesale Revenues	99.1	102.4	104.0	5.0%	1.6%	294.2	298.7	1.5%
Equipment Sales	12.3	9.8	13.2	6.9%	34.4%	29.5	31.3	6.1%
Others and Eliminations	17.0	12.9	15.4	(9.4%)	19.3%	47.5	45.1	(4.9%)
Audiovisuals	14.0	18.0	18.2	30.0%	0.6%	42.4	52.9	24.8%
Cinema ⁽¹⁾	12.8	12.9	16.9	31.9%	30.9%	35.0	43.6	24.7%
Others and Eliminations	(11.3)	(13.5)	(14.7)	30.1%	9.3%	(33.3)	(42.2)	26.9%
Operating Costs Excluding D&A	(214.4)	(217.4)	(224.5)	4.7%	3.3%	(633.2)	(658.0)	3.9%
W&S	(21.4)	(20.3)	(23.4)	9.7%	15.4%	(61.1)	(65.3)	6.9%
Direct Costs	(99.7)	(110.7)	(107.8)	8.1%	(2.6%)	(296.9)	(319.7)	7.7%
Commercial Costs ⁽²⁾	(31.7)	(19.2)	(28.2)	(10.9%)	47.3%	(76.2)	(68.6)	(10.0%)
Other Operating Costs	(61.6)	(67.2)	(65.1)	5.6%	(3.2%)	(199.0)	(204.4)	2.7%
EBITDA	133.4	138.5	143.5	7.5%	3.6%	397.0	409.8	3.2%
EBITDA Margin	38.4%	38.9%	39.0%	0.6pp	0.1pp	38.5%	38.4%	(0.2pp)
Telco	123.8	129.0	129.8	4.8%	0.6%	369.1	375.7	1.8%
EBITDA Margin	37.3%	38.1%	37.3%	0.1pp	(0.8pp)	37.4%	37.1%	(0.4pp)
Cinema Exhibition and Audiovisuals	9.6	9.5	13.7	42.6%	44.8%	27.9	34.2	22.7%
EBITDA Margin	39.5%	35.1%	45.2%	5.7pp	10.1pp	39.7%	40.4%	0.8pp
Share of results of associates and joint ventures	4.0	0.5	(2.9)	n.a.	n.a.	11.6	5.0	(57.4%)
EBITDA including results of associates and joint ventures	137.5	139.0	140.5	2.2%	1.1%	408.6	414.8	1.5%
Depreciation and Amortization	(81.5)	(90.7)	(89.3)	9.5%	(1.6%)	(251.6)	(267.6)	6.4%
(Other Expenses) / Income	(18.3)	(5.4)	(4.9)	(73.3%)	(9.1%)	(33.7)	(16.3)	(51.6%)
Operating Profit (EBIT) ⁽³⁾	37.6	43.0	46.4	23.2%	7.9%	123.2	130.8	6.2%
(Financial Expenses) / Income	(14.9)	(10.8)	(7.1)	(52.4%)	(34.5%)	(44.2)	(29.7)	(32.9%)
Income Before Income Taxes	22.8	32.2	39.3	72.6%	22.2%	79.0	101.1	28.1%
Income Taxes	(4.0)	(8.2)	(13.1)	226.5%	59.4%	(16.1)	(27.7)	72.0%
Income From Continued Operations	18.8	23.9	26.2	39.8%	9.5%	62.8	73.4	16.8%
o.w. Attributable to Non-Controlling Interests	0.0	0.1	(0.0)	n.a.	n.a.	(0.4)	0.1	n.a.
Net Income	18.8	24.1	26.2	39.8%	9.0%	62.4	73.5	17.8%

⁽¹⁾ Includes operations in Mozambique.

⁽²⁾ Commercial costs include commissions, marketing and publicity expenses and costs of equipment sold.

⁽³⁾ EBIT = Income Before Financials and Income Taxes.

2.2 - Operating Revenues

Consolidated Operating Revenues in 3Q15 posted a material sequential improvement in yoy trend with growth of 5.8%, accelerating from 3.2% in 2Q15 and 2% in 1Q15.

The momentum for core **Telco revenues** continues to accelerate with yoy growth of 4.6% in 3Q15 to 347.6 million euros, up from 2.5% in 2Q15 and 1.3% in 1Q15.

Consumer telco revenues recorded a 5.4% increase yoy to 215 million euros reflecting the combination of very positive yoy growth in residential revenues of 10.4% which more than offset the negative yoy trend in personal revenues. Stand-alone personal services posted a negative revenue trend yoy due to the lower subscriber base with the migration to convergent bundles and to the higher proportion of lower monthly bill pre-paid subscribers in the personal segment mix.

Business telco revenues grew by 5.0% yoy to 104 million euros. Large Corporate accounts acquired over the past quarters are the main explanation for the significant yoy increase in customer revenues (+20.6% yoy), helping to compensate for the still negative yoy revenue trends in the SoHo and SME market (-8.6% yoy), which have become increasingly less negative in recent quarters. Wholesale revenues contributed with yoy revenue growth (+1.2% yoy), benefitting from seasonally higher roaming traffic and the capture of a greater number of wholesale accounts.

Audiovisual and **Cinema** revenues both recorded an impressive performance in 3Q15, as has been the case throughout the year. Cinema exhibition revenues increased by 31.9% yoy to 16.9 million euros and revenues from the audiovisuals division grew by 30% yoy to 18.2 million euros. The very good slate of box-office hits during 2015 to date has been driving this division's extraordinarily strong performance. Still, the fact that the Portuguese market is outperforming markets like the USA and the UK (24% gross box-office revenue growth year-to-date, which compares with 4% for the USA and 11% for the UK) may indicate this business is benefitting from some positive macro recovery. This exceptional performance is not likely to be repeated in coming quarters due to a not so exceptional line up of new box-office hits.

Revenues from the Angolan Pay TV joint venture continued to grow significantly, with NOS' 30% stake in revenues posting a 23.6% yoy increase to 19.6 million euros. Although still posting yoy growth, the Angolan economy has been posting some decline due to the global weakness in oil prices.

2.3 – EBITDA

Consolidated EBITDA grew by 7.5% yoy to 143.5 million euros compared with growth of 3.6% in 2Q15 and with negative 1.5% in 1Q15, led by strong acceleration in quarterly performance in the telco business and exceptionally strong growth in the cinema and audiovisuals division.

Consolidated EBITDA margin, as a percentage of Revenues, was 39%, up 0.1pp versus 2Q15 and an increase of 0.6pp from 3Q14.

Telco EBITDA posted material improvement yoy with growth of 4.8% to 129.8 million euros, compared with yoy growth of 3.3% in 2Q15 and negative 2.9% in 1Q15 driven by the strong revenue momentum.

Audiovisuals and Cinema EBITDA increased by 42.6% to 13.7 million euros representing a 45.2% margin as a percentage of Revenues.

The EBITDA of NOS' 30% stake in ZAP declined by 40.6% yoy to 3.6 million euros, significantly less than the amount generated in previous quarters mainly due to the negative impact of the Angolan currency devaluation of the past quarters, down by 32% in the first 9 months of 2015. A relevant proportion of ZAP's supplier contracts are USD based, thus putting pressure on the cost structure.

2.4 – Consolidated Operating Costs Excluding D&A

Consolidated Operating Costs grew by 4.7% yoy to 224.5 million euros still impacted by the intense activity related costs due to the strong commercial operations and focus on growth. Integration projects are being implemented according to expectations and delivering important savings in key areas of operations. The most material projects currently underway are related to more complex, longer-term execution projects that are tied in directly with systems development and integration or that are dependent on systems and technical process implementation.

Wages and Salaries posted a 9.7% increase yoy to 23.4 million euros in 3Q15 due primarily to a yoy increase in headcount, impacted by the acquisition of NOS Sistemas (previously Mainroad) in September 2014. Still, the headcount increase of 5.2% yoy, of which around 50% resulted from the acquisition of NOS Sistemas, has driven this cost item.

Direct Costs recorded an 8.1% increase yoy to 107.8 million euros, an increase driven by an 8% rise in activity based and wholesale traffic costs which represent close to 50% of this cost aggregate. The significant increase of the past quarters in mobile customers who are subscribing to all-net mobile tariffs included in convergent tariff plans, is driving higher termination costs from increased volume of calls made to other operator networks. The other main driver of the increase in Direct Costs was Programming and Royalty costs which posted an increase of 11% yoy due to the very strong quarter in the cinema and audiovisuals division driving higher royalties paid to the major studios.

Commercial Costs declined by 10.9% yoy to 28.2 million euros due to the lower volume of non-customer acquisition and retention related commissions, on the back of lower levels of churn, and due to a yoy reduction in advertising and publicity related costs. A seasonal pick up in regular commercial advertising and publicity costs is to be expected in the latter part of the year.

Other Operating Costs increased by 5.6% yoy to 65.1 million euros and fell by 3.2% in comparison with the previous quarter. The main cost items in this aggregate, support services and supplies and external services posted similar levels to previous quarters with cost items like customer care and maintenance and repairs being affected by a larger customer base, and other items like energy costs being affected by the deployment of the cable/FTTH network.

2.5 – Net Income

Net Income was 26.2 million euros in 3Q15, compared with 18.8 million euros in 3Q14 and with 24.1 million euros in 2Q15 representing a material improvement in comparison with last year.

NOS' Share of Associates and Joint Ventures declined significantly due to non-recurrent charges in Sport TV, which have resulted in negative Net Income at Sport TV. Net Income at ZAP was still positive, with EBITDA of 3.6 million euros being impacted materially by the aforementioned currency devaluation in Angola driving lower operating margins and which negatively impacted ZAP's operating results due to costs contracted in USD and that generated a negative financial charge below EBITDA due to the foreign exchange impact on USD trade accounts, in the amount of 2.2 million euros. In total, this aggregate was negative by 2.9 million euros, compared with positive 4 million euros in 3Q14.

Depreciation and Amortization increased by 9.5% yoy to 89.3 million euros as a result of the higher level of investment in both network assets and customer related costs.

Other Expenses* of 4.9 million euros in 3Q15 relate to non-recurrent costs, with merger related integration costs representing 4.4 million euros of this amount.

Net Financial Expenses fell by 52.4% to 7.1 million euros in 3Q15 compared with 14.9 million euros in 3Q14 as a result of the lower average cost of new debt contracted in previous quarters. Net interest charges and other financial costs in 3Q15 were 6.8 million euros compared with 14.8 million euros in 3Q14, a reduction achieved due to savings arising from lower funding costs as a result of refinancing activity. Further details on funding developments are presented in the capital structure section below.

Income Tax provision amounted to 13.1 million euros in 3Q15 representing 33% as a percentage of Income before Income Taxes, the higher rate being explained primarily by to the lower contribution of associate companies to net results, as was the case in the previous quarter.

* In accordance with IAS 1, the caption "Other expenses" reflects material and unusual expenses that should be disclosed separately from usual line items, to avoid distortion of the financial information from regular operations, namely restructuring costs resulting from the merger (including curtailment costs) as well as one-off non-cash items that result from alignment of estimates between the two companies.

3 - CAPEX and Cash Flow

3.1 – CAPEX

Table 6.

CAPEX (Millions of Euros)	3Q14	2Q15	3Q15	3Q15 / 3Q14	3Q15 / 2Q15	9M14	9M15	9M15 / 9M14
Telco	59.8	62.6	67.6	13.0%	8.0%	168.3	189.4	12.5%
Infrastructure	20.2	29.5	31.8	57.3%	7.7%	60.6	83.7	38.2%
Customer Related CAPEX	35.1	30.7	34.4	(1.9%)	12.0%	99.0	101.2	2.2%
Other	4.5	2.4	1.4	(69.3%)	(41.4%)	8.7	4.5	(48.7%)
Audiovisuals and Cinema Exhibition	8.3	9.8	9.5	14.8%	(2.7%)	24.3	28.2	16.1%
Recurrent CAPEX	68.0	72.3	77.1	13.3%	6.5%	192.6	217.6	13.0%
Non-Recurrent CAPEX	18.6	30.0	20.9	12.4%	(30.5%)	39.3	77.0	96.1%
Total CAPEX	86.6	102.4	97.9	13.1%	(4.3%)	231.9	294.6	27.1%

Total CAPEX increased yoy by 13.1% to 97.9 million euros and declined by 4.3% in comparison with the previous quarter. Recurrent CAPEX increased by 13.3% in comparison with 3Q14. Non-recurrent CAPEX in the amount of 20.9 million euros is a result of the network coverage expansion programme underway, with an additional 75.5 thousand households covered in 3Q15 and of increased commercial investment.

Audiovisuals and Cinema CAPEX of 9.5 million euros is related mostly with the capitalization of certain movie rights in the Audiovisuals division.

As a percentage of revenues, total CAPEX amounted to 26.6% in 3Q15 and Telco recurrent CAPEX represented 19.4% of Telco Revenues.

3.2 – Cash Flow

Table 7.

Cash Flow (Millions of Euros)	3Q14	2Q15	3Q15	3Q15 / 3Q14	3Q15 / 2Q15	9M14	9M15	9M15 / 9M14
EBITDA	133.4	138.5	143.5	7.5%	3.6%	397.0	409.8	3.2%
Recurrent CAPEX	(68.0)	(72.3)	(77.1)	13.3%	6.5%	(192.6)	(217.6)	13.0%
EBITDA - Recurrent CAPEX	65.4	66.2	66.4	1.5%	0.4%	204.3	192.3	(5.9%)
Non-Cash Items Included in EBITDA - Recurrent CAPEX ⁽¹⁾ and Change in Working Capital	(7.6)	(38.5)	6.0	n.a.	n.a.	(53.4)	(59.3)	11.1%
Operating Cash Flow After Investment	57.9	27.7	72.4	25.1%	161.3%	151.0	132.9	(11.9%)
Long Term Contracts	(3.5)	(4.3)	(5.5)	55.3%	28.7%	(11.6)	(13.8)	19.0%
Net Interest Paid and Other Financial Charges	(6.7)	(10.4)	(5.8)	(12.8%)	(44.0%)	(35.9)	(21.6)	(40.0%)
Income Taxes Paid	10.8	(0.6)	(2.1)	n.a.	272.5%	9.3	(4.0)	n.a.
Other Cash Movements	0.3	0.3	(0.7)	n.a.	n.a.	0.9	(0.3)	n.a.
Recurrent Free Cash-Flow	58.8	12.7	58.2	(0.9%)	n.a.	113.7	93.3	(17.9%)
Taxes Paid	0.0	(1.2)	3.0	n.a.	n.a.	0.0	1.2	n.a.
Disposals	0.0	0.0	2.2	n.a.	n.a.	0.0	2.2	n.a.
Non-Recurrent CAPEX	(18.6)	(24.2)	(16.7)	(10.3%)	(31.3%)	(35.7)	(65.0)	81.9%
Cash Restructuring Payments	(8.1)	(4.0)	(4.4)	(45.6%)	10.2%	(20.0)	(14.6)	(27.1%)
FCM Receivables	0.0	0.0	6.5	n.a.	n.a.	0.0	6.5	n.a.
Free Cash Flow Before Dividends & Financial Acquisitions	32.1	(16.8)	49.0	52.7%	n.a.	58.0	23.7	(59.2%)
Foreign Currency Debt Exchange Effect	0.1	0.0	0.0	(100.0%)	n.a.	0.1	(0.0)	n.a.
Acquisitions of Financial Investments	(14.0)	0.0	0.0	(100.0%)	n.a.	(14.0)	0.0	(100.0%)
New Companies' Net Debt	0.6	0.0	0.0	(100.0%)	n.a.	0.6	0.0	(100.0%)
Dividends	0.0	(72.2)	0.0	n.a.	(100.0%)	(62.0)	(72.2)	16.4%
Total Free Cash Flow	18.7	(89.0)	49.0	161.2%	n.a.	(17.4)	(48.6)	179.7%
Debt Variation Through Accruals & Deferrals & Others	(6.8)	(10.5)	1.1	n.a.	n.a.	1.4	(16.6)	n.a.
Change in Net Financial Debt	12.0	(99.5)	50.1	n.a.	n.a.	(16.0)	(65.1)	n.a.

⁽¹⁾ This caption includes non-cash provisions included in EBITDA.

Operating Cash Flow After Investment was 72.4 million euros in 3Q15 posting an increase of 25.1% yoy on the back of the 7.5% yoy improvement of EBITDA and the partial reversal of Working Capital requirements, as discussed in previous Earnings Announcements.

Recurrent FCF improved in 3Q15 to 58.2 million euros due to the aforementioned decrease in working capital, which was partially offset by the income tax charges during the quarter, which compares with a positive cash inflow of 10.8 million euros in 3Q14 related to the recovery of advance tax payments previously made in excess.

Non-recurrent cash impacts on CAPEX and OPEX in 3Q15 amounted to 16.7 million euros and 4.4 million euros, respectively, and were mainly related with cash payments within the context of the cable/FTTH network deployment and additional commercial activity as explained in the section on CAPEX and to integration related CAPEX and OPEX from the restructuring/merger process. This quarter, a cash inflow of 6.5 million was also recorded, related to the end of the "e-escolas" programme and subsequent closure of the Foundation for Mobile Communications.

Free Cash Flow before Dividends and Financial Acquisitions amounted to 49 million euros in the quarter. Adjusted for interest accruals and deferrals on debt variations, net financial debt decreased by 50.1 million euros in 3Q15. Most of this impact relates to the accounting of the financial leasing contracts related to the large corporate accounts.

4 - Consolidated Balance Sheet

Table 8.

Balance Sheet (Millions of Euros)	2014	9M15
Non-current Assets	2,488.0	2,496.0
Fixed Assets, Net	1,141.8	1,160.2
Intangible Assets, Net	1,164.2	1,170.8
Investments in Group Companies	31.5	31.4
Deferred Taxes	141.1	122.2
Other Non-current Assets	9.3	11.5
Current Assets	468.0	488.4
Inventories, Net	33.0	33.4
Accounts Receivable, Net	359.2	371.2
Taxes Receivable	5.0	5.7
Cash and Equivalents	21.1	13.0
Prepaid Expenses and Other Current Assets	49.7	64.9
Total Assets	2,955.9	2,984.4
Equity Before Non-Controlling Interests	1,050.3	1,047.4
Share Capital	5.2	5.2
Issue Premium	854.2	854.2
Own Shares	(11.8)	(7.0)
Reserves, Retained Earnings and Other	128.0	121.5
Net Income	74.7	73.5
Non-Controlling Interests	9.8	9.5
Total Shareholders' Equity	1,060.1	1,057.0
Non-current Liabilities	793.8	1,197.8
Medium and Long Term Debt	616.5	1,027.2
Non-current Provisions and Other Liabilities	177.3	170.5
Current Liabilities	1,102.0	729.7
Short Term Debt	503.5	137.0
Accounts Payable	391.7	365.8
Accrued Expenses	163.2	170.1
Deferred Income	29.1	29.4
Taxes Payable	14.6	27.2
Current Provisions and Other Liabilities	0.0	0.2
Total Liabilities	1,895.8	1,927.5
Total Liabilities and Shareholders' Equity	2,955.9	2,984.4

4.1 – Capital Structure

At the end of 3Q15, Net Financial Debt stood at 1,050.6 million euros.

Total financial debt at the end of 3Q15 amounted to 1,063.7 million euros, which was offset with a cash and short-term investment position on the balance sheet of 13.0 million euros. At the end of 3Q15, NOS also had 220 million euros of non-issued commercial paper programs. The all-in average cost of NOS' Net Financial Debt posted a decline to 2.43% in 3Q15 (3.16% for 9M15), comparing with 3.41% in 2Q15 and 3.70% in 1Q15.

In line with its global funding strategy to extend maturities, diversify debt sources and reduce cost of debt, during 3Q15 NOS executed a series of deals that contributed favorably to the funding strategy:

- Renewal of a commercial paper line in the amount of 30 million euros, contracted with Caixa Geral de Depósitos/CaixaBI, which matures in July 2019;
- New "NOS Floating Rates Notes 2015-2019" bonds, in the amount of 50 million euros, organized and placed by Caixabank, with a bullet maturity in June 2019 (4 years) and paying interest at a floating rate corresponding to a spread of 95 bps plus the Euribor 6 months rate;
- New Commercial Paper Program with Banco Santander Totta, in the amount of 50 million euros, maturing in September 2019.

The new financing deals, together with the reimbursement of the 200M Euros Retail Bond in June (which was paying a 6.85% coupon), are reflected in the material decline of the all-in average cost of NOS' Net Financial Debt.

Net Financial Gearing was 49.9% at the end of 3Q15 and Net Financial Debt / EBITDA (last 4 quarters) now stands at 2.0x. The average maturity of NOS' Net Financial Debt at the end of 3Q15 was 3.8 years.

Taking into account the loans issued at a fixed rate and the interest rate hedging operations in place the proportion of NOS' issued debt that is protected against variations in interest rates is approximately 52%.

Table 9.

Net Financial Debt (Millions of Euros)	2014	9M15	9M15 / 2014
Short Term	483.9	121.3	(74.9%)
Bank and Other Loans	468.6	103.0	(78.0%)
Financial Leases	15.2	18.2	19.6%
Medium and Long Term	522.7	942.4	80.3%
Bank and Other Loans	493.8	912.1	84.7%
Financial Leases	28.9	30.3	4.9%
Total Debt	1,006.6	1,063.7	5.7%
Cash and Short Term Investments	21.1	13.0	(38.2%)
Net Financial Debt	985.5	1,050.6	6.6%
Net Financial Gearing ⁽¹⁾	48.2%	49.9%	1.7pp
Net Financial Debt / EBITDA	1.9x	2.0x	n.a.

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

5 - Appendix

5.1 – Appendix I

Table 10.

Operating Indicators ('000)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15
Telco⁽¹⁾							
Aggregate Indicators							
Homes Passed	3,255.5	3,243.2	3,252.4	3,325.7	3,393.0	3,468.0	3,543.5
Total RGUs	7,215.2	7,295.6	7,445.2	7,610.5	7,761.8	8,010.2	8,257.3
Mobile	3,288.4	3,397.1	3,535.8	3,643.2	3,730.4	3,861.2	4,025.1
Pre-Paid	2,155.0	2,109.2	2,085.2	2,061.2	2,025.0	2,030.1	2,065.7
Post-Paid	1,133.4	1,287.9	1,450.5	1,582.0	1,705.4	1,831.1	1,959.4
ARPU / Mobile Subscriber (Euros)	9.0	9.2	9.7	9.1	8.8	9.2	9.2
Pay TV	1,493.3	1,474.3	1,469.6	1,476.8	1,488.6	1,502.5	1,522.0
Fixed Access ⁽²⁾	1,189.4	1,172.3	1,166.1	1,166.6	1,174.0	1,183.6	1,198.1
DTH	303.9	302.1	303.5	310.2	314.6	318.9	323.9
Fixed Voice	1,491.3	1,472.5	1,464.6	1,477.6	1,493.4	1,553.0	1,575.3
Broadband	927.0	934.5	957.3	993.0	1,027.3	1,066.9	1,105.7
Others and Data	15.2	17.2	17.9	20.0	22.0	26.6	29.2
3,4&5P Subscribers (Fixed Access)	808.8	810.6	829.6	851.6	878.1	904.9	936.7
% 3,4&5P (Fixed Access)	68.0%	69.1%	71.1%	73.0%	74.8%	76.5%	78.2%
Convergent RGUs	555.8	1,007.7	1,487.7	1,853.3	2,194.5	2,443.2	2,665.0
Convergent Customers	115.4	201.7	303.3	384.6	456.8	509.8	555.6
Fixed Convergent Customers as % of Fixed Access Customers	9.7%	16.5%	23.8%	29.2%	34.0%	37.5%	40.2%
% Convergent Customers	7.7%	13.7%	20.6%	26.0%	30.7%	33.9%	36.5%
IRIS Subscribers	498.6	561.3	633.2	693.6	742.6	784.2	825.1
IRIS as % of 3,4&5P Subscribers (Fixed Access)	61.6%	69.2%	76.3%	81.4%	84.6%	86.7%	88.1%
Net Adds							
Homes Passed	13.7	(12.3)	9.1	73.4	67.3	75.0	75.5
Total RGUs	2.2	80.3	149.6	165.3	151.3	248.4	247.1
Mobile	45.0	108.7	138.7	107.4	87.2	130.8	163.9
Pre-Paid	(96.0)	(45.8)	(24.0)	(24.0)	(36.2)	5.1	35.6
Post-Paid	141.0	154.5	162.6	131.5	123.4	125.7	128.3
Pay TV	(24.7)	(19.0)	(4.7)	7.1	11.9	13.9	19.5
Fixed Access	(14.4)	(17.1)	(6.1)	0.4	7.4	9.6	14.6
DTH	(10.3)	(1.9)	1.4	6.7	4.5	4.3	5.0
Fixed Voice	(23.7)	(18.8)	(7.9)	13.1	15.8	59.6	22.3
Broadband	4.9	7.5	22.8	35.6	34.4	39.5	38.8
Others and Data	0.7	1.9	0.8	2.0	2.0	4.6	2.5
3,4&5P Subscribers (Fixed Access)	1.8	1.8	19.0	22.0	26.4	26.8	31.9
Convergent RGUs	343.4	451.9	480.0	365.5	341.3	248.7	221.7
Convergent Customers	70.1	86.3	101.6	81.3	72.2	53.0	45.8
IRIS Subscribers	61.0	62.7	71.9	60.4	49.0	41.6	41.0

(1) Portuguese Operations

(2) Fixed Access Subscribers include customers served by the HFC, FTTH and ULL networks and indirect access customers.

Table 11.

Operating Indicators ('000)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15
Telco⁽¹⁾							
Indicators per Segment							
Consumer							
Total RGUs	6,207.2	6,266.0	6,400.6	6,546.0	6,671.8	6,839.7	7,032.7
Unique Subscribers With Fixed Access ⁽²⁾	1,153.6	1,120.8	1,107.3	1,106.6	1,108.7	1,113.9	1,126.0
Pay TV	1,422.3	1,398.4	1,387.6	1,391.3	1,396.0	1,404.5	1,418.5
Fixed Access	1,132.6	1,112.1	1,102.3	1,102.6	1,105.2	1,110.6	1,121.4
DTH	289.7	286.3	285.2	288.7	290.9	293.9	297.2
# IRIS Subscribers	483.6	543.0	611.1	668.4	715.0	753.7	791.9
Broadband	848.7	852.2	870.5	903.8	935.5	969.9	1,004.8
Fixed Voice	1,294.1	1,274.5	1,265.6	1,276.6	1,290.4	1,306.7	1,318.4
Mobile	2,642.1	2,741.0	2,876.8	2,974.3	3,050.0	3,158.6	3,291.0
% 1P (Fixed Access)	14.2%	13.4%	12.5%	11.4%	10.2%	9.2%	8.3%
% 2P (Fixed Access)	18.2%	17.9%	17.1%	16.3%	15.8%	15.1%	14.2%
% 3,4&5P (Fixed Access)	67.6%	68.7%	70.4%	72.3%	74.1%	75.7%	77.5%
ARPU / Unique Subscriber With Fixed Access (Euros)	37.1	37.7	38.4	39.8	41.5	42.3	42.3
Net Adds							
Total RGUs	(24.0)	58.8	134.5	145.4	125.9	167.9	193.0
Unique Subscribers With Fixed Access	(24.7)	(32.8)	(13.5)	(0.7)	2.1	5.2	12.2
Pay TV	(26.8)	(23.9)	(10.8)	3.7	4.7	8.5	14.0
Fixed Access	(16.7)	(20.5)	(9.8)	0.2	2.6	5.5	10.7
DTH	(10.2)	(3.4)	(1.0)	3.5	2.1	3.0	3.3
IRIS Subscribers	58.6	59.4	68.2	57.3	46.6	38.7	38.1
Broadband	3.2	3.5	18.3	33.2	31.7	34.4	34.9
Fixed Voice	(25.6)	(19.7)	(8.8)	11.0	13.8	16.3	11.6
Mobile	25.4	98.9	135.9	97.4	75.7	108.6	132.4
Business							
Total RGUs	1,008.0	1,029.5	1,044.7	1,064.5	1,090.0	1,170.5	1,224.5
Pay TV	71.0	75.9	82.0	85.4	92.6	98.0	103.4
IRIS Subscribers	15.0	18.3	22.1	25.2	27.7	30.5	33.3
Broadband	93.6	99.5	104.8	109.2	113.9	123.6	130.1
Fixed Voice	197.1	198.0	198.9	201.0	203.1	246.3	257.0
Mobile	646.4	656.1	658.9	668.9	680.4	702.6	734.1
ARPU per RGU (Euros)	20.5	20.0	19.0	19.1	19.1	18.6	17.7
Net Adds							
Total RGUs	26.1	21.6	15.1	19.9	25.4	80.5	54.0
Pay TV	2.1	4.9	6.1	3.4	7.2	5.4	5.5
IRIS Subscribers	2.3	3.3	3.8	3.2	2.4	2.8	2.8
Broadband	2.4	5.9	5.3	4.4	4.7	9.7	6.5
Fixed Voice	2.0	0.9	0.9	2.1	2.1	43.2	10.7
Mobile	19.7	9.8	2.8	10.0	11.5	22.2	31.4
Cinema⁽¹⁾							
Revenue per Ticket (Euros)	4.7	4.7	4.7	4.7	4.6	4.7	4.6
Tickets Sold	1,595.7	1,676.6	1,924.4	2,080.8	1,981.4	2,003.6	2,676.8
Screens (units)	209	209	214	214	214	215	215

(1) Portuguese Operations

(2) Fixed Access Subscribers include customers served by the HFC, FTTH and ULL networks and indirect access customers.

5.2 – Appendix II

Table 12.

Profit and Loss Statement (Millions of Euros)	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15
Operating Revenues	337.3	345.0	347.8	353.8	1,383.9	344.1	355.9	367.9
Telco	323.5	330.2	332.3	335.8	1,321.8	327.7	338.3	347.6
Consumer Revenues	207.2	203.7	204.0	205.2	820.0	210.2	213.3	215.0
Business and Wholesale Revenues	97.3	97.8	99.1	99.6	393.8	92.3	102.4	104.0
Equipment Sales	8.2	9.0	12.3	12.4	41.9	8.3	9.8	13.2
Others and Eliminations	10.8	19.7	17.0	18.6	66.0	16.9	12.9	15.4
Audiovisuals	14.2	14.2	14.0	16.1	58.5	16.7	18.0	18.2
Cinema ⁽¹⁾	10.7	11.4	12.8	14.0	49.0	13.8	12.9	16.9
Others and Eliminations	(11.0)	(10.9)	(11.3)	(12.0)	(45.3)	(14.0)	(13.5)	(14.7)
Operating Costs Excluding D&A	(207.5)	(211.3)	(214.4)	(240.3)	(873.5)	(216.2)	(217.4)	(224.5)
W&S	(21.0)	(18.7)	(21.4)	(24.1)	(85.3)	(21.6)	(20.3)	(23.4)
Direct Costs	(96.7)	(100.5)	(99.7)	(110.7)	(407.6)	(101.2)	(110.7)	(107.8)
Commercial Costs ⁽²⁾	(22.7)	(21.8)	(31.7)	(29.9)	(106.1)	(21.2)	(19.2)	(28.2)
Other Operating Costs	(67.0)	(70.4)	(61.6)	(75.6)	(274.5)	(72.1)	(67.2)	(65.1)
EBITDA	129.9	133.6	133.4	113.5	510.5	127.9	138.5	143.5
EBITDA Margin	38.5%	38.7%	38.4%	32.1%	36.9%	37.2%	38.9%	39.0%
Telco	120.4	124.9	123.8	103.4	472.5	116.9	129.0	129.8
EBITDA Margin	37.2%	37.8%	37.3%	30.8%	35.7%	35.7%	38.1%	37.3%
Cinema Exhibition and Audiovisuals	9.5	8.8	9.6	10.1	37.9	11.0	9.5	13.7
EBITDA Margin	42.4%	37.4%	39.5%	36.5%	38.8%	40.4%	35.1%	45.2%
Share of results of associates and joint ventures	4.9	2.7	4.0	2.3	13.9	7.3	0.5	(2.9)
EBITDA including results of associates and joint ventures	134.8	136.3	137.5	115.8	524.4	135.3	139.0	140.5
Depreciation and Amortization	(83.9)	(86.2)	(81.5)	(87.7)	(339.3)	(87.7)	(90.7)	(89.3)
(Other Expenses) / Income	(2.8)	(12.6)	(18.3)	(3.9)	(37.6)	(6.1)	(5.4)	(4.9)
Operating Profit (EBIT) ⁽³⁾	48.1	37.5	37.6	24.3	147.5	41.5	43.0	46.4
(Financial Expenses) / Income	(15.2)	(14.2)	(14.9)	(11.0)	(55.2)	(11.8)	(10.8)	(7.1)
Income Before Income Taxes	32.9	23.3	22.8	13.3	92.3	29.7	32.2	39.3
Income Taxes	(7.3)	(4.8)	(4.0)	(1.1)	(17.2)	(6.5)	(8.2)	(13.1)
Income From Continued Operations	25.6	18.5	18.8	12.2	75.1	23.2	23.9	26.2
o.w. Attributable to Non-Controlling Interests	(0.3)	(0.1)	0.0	0.0	(0.4)	0.0	0.1	(0.0)
Net Income	25.3	18.4	18.8	12.3	74.7	23.2	24.1	26.2
Recurrent CAPEX	(52.7)	(71.8)	(68.0)	(83.2)	(275.8)	(68.2)	(72.3)	(77.1)
Total CAPEX	(56.7)	(88.6)	(86.6)	(142.5)	(374.4)	(94.3)	(102.4)	(97.9)
EBITDA - Recurrent CAPEX	77.1	61.8	65.4	30.3	234.7	59.7	66.2	66.4
Non-Cash Items Included in EBITDA - Recurrent CAPEX ⁽⁴⁾ and Change in Working Capital	(35.7)	(10.1)	(7.6)	22.0	(31.4)	(26.9)	(38.5)	6.0
Operating Cash Flow After Investment	41.4	51.7	57.9	52.3	203.3	32.8	27.7	72.4
Long Term Contracts	(3.9)	(4.2)	(3.5)	(6.8)	(18.4)	(4.1)	(4.3)	(5.5)
Net Interest Paid and Other Financial Charges	(13.8)	(15.4)	(6.7)	(10.6)	(46.6)	(5.3)	(10.4)	(5.8)
Income Taxes Paid	(1.1)	(0.3)	10.8	(1.1)	8.2	(1.3)	(0.6)	(2.1)
Other Cash Movements	0.1	0.5	0.3	0.3	1.2	0.2	0.3	(0.7)
Recurrent Free Cash Flow	22.6	32.3	58.8	34.1	147.7	22.3	12.7	58.2
Net Financial Debt	927.2	971.2	959.3	985.5	985.5	1,001.2	1,100.7	1,050.6

(1) Includes operations in Mozambique.

(2) Commercial costs include commissions, marketing and publicity expenses and costs of equipment sold.

(3) EBIT = Income Before Financials and Income Taxes.

(4) This caption includes non-cash provisions included in EBITDA.

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