PORTUGUESE MT SECTOR

2025 YEAR IN REVIEW

MACEDO VITORINO

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1. INTRODUCTION

In any EU single-currency economy, a GDP growth of 2.4%, an increase of 2.8% in employment, and inflation close to the European Central Bank's 2% target are generally the hallmarks of a good year. However, the decline of 2.6 p.p. in the debt-to-GDP ratio, persistent budget surpluses, increased public investment and political stability made the Portuguese economy a top performer among its peers in 2025.

In such an environment, the technology, media, and telecommunications (TMT) sector broadly reflected the overall economic performance. Investment levels were significant, particularly in fibre deployment and the reinforcement of mobile broadband, while major operators recorded favourable revenue growth and maintained positive business margins.

The year was also marked by relevant technological and regulatory developments. The continued rollout of next-generation networks, the increasing relevance of digital services and data, and the growing focus on cybersecurity and network resilience influenced both market activity and public policy. These developments took place within a regulatory framework increasingly shaped by ever-changing European legislative initiatives.

This report analyses the key developments in the TMT sector in Portugal in 2025, focusing on the primary economic, technological and regulatory factors that characterised the year and are likely to influence the sector's future outlook.

Lastly, a final chapter has been included to provide an outlook for 2026, based on the key trends expected to shape the market's evolution. This section places particular emphasis on regulatory developments, investment dynamics, and technological transformation.

2. MARKET OVERVIEW

2.1. COMMUNICATIONS NETWORK EVOLUTION

Taking the mobile services segment as an example and using the latest available data from ANACOM, the National Regulatory Authority, for the third quarter of 2025, the number of base stations equipped with 5G technology increased to 14,890. This represents a 40.6% increase compared to the same period in 2024 and reflects the installation of approximately 11.8 new 5G-enabled mobile stations per day over the preceding 12 months.

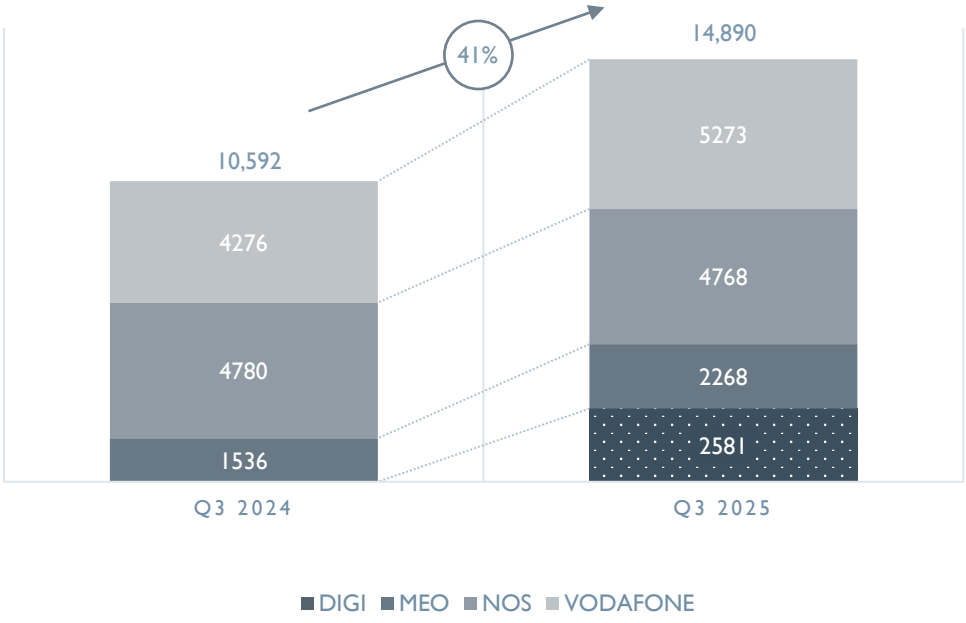

Figure 1 - Evolution of the number of 5G-equipped base stations (number of stations) (source: ANACOM; analysis by Macedo Vitorino)

As a result, around 75% of the country's 3.091 parishes ("freguesias") across the national territory are now served by 5G mobile base stations, with a density of 144 5G stations per 100.000 inhabitants.

Regarding fixed networks, efforts to expand high-speed fibre infrastructure continued throughout the year. By year-end, fibre coverage of households and business premises reached approximately 96%, complemented by an additional four million households and commercial locations served by coaxial cable networks, as reported by operators.

With regard also to network development — albeit of a different nature — 2025 was marked by the landing of the 2Africa submarine cable in Carcavelos, notwithstanding the lack of immediate impact on end-user services. Launched in 2020, this system connects three continents and more than 33 countries, with the completion of its core infrastructure reached in 2025. With a total length of approximately 45.000 km (forty-five thousand kilometres), it is currently the world's largest submarine cable system. Its connection to Portugal strengthens the country's position as an Atlantic connectivity hub, aligning with the objectives set out in the National Data Centres Strategy published in the same year.

Finally, also with regard to submarine connectivity, the year was also marked by the reprogramming of the CAM submarine cable project, a ring linking mainland Portugal, the Azores and Madeira. This decision ensures the continuity of the project, with completion remaining scheduled for 2027. For further details on this topic, please refer to our newsletter.

2.2. MARKET DYNAMICS OF THE COMMUNICATIONS SECTOR

Following the market adjustments triggered in the previous year by the commercial launch of a new operator capable, on its own, of competing with the three incumbent players, 2025 witnessed not only the materialisation of consolidation trends but also a series of significant transactions. These included the integration of NOWO into DIGI, the acquisition of Claranet by NOS, and the sale of MEO's Covilhã data centre to

Asterion Industrial Partners. Taken together, these transactions amounted to an estimated total value of approximately €420 million[1].

No annual review would be complete without reference to developments in retail pricing. While, from a structural perspective, the year did not bring major surprises, price behaviour proved unexpectedly volatile, particularly between the first and second halves of the year.

Accordingly, whereas the first half of 2025 reflected the lingering effects of imported inflation from the previous year, the second half saw a historically significant deflationary trend in the sector.

In October and November 2025, telecommunications prices fell to such an extent that, compared with the corresponding months of the previous year, they decreased by 2.7%, while the average rate of change in telecommunications prices over the preceding twelve months stood at -0.6%.

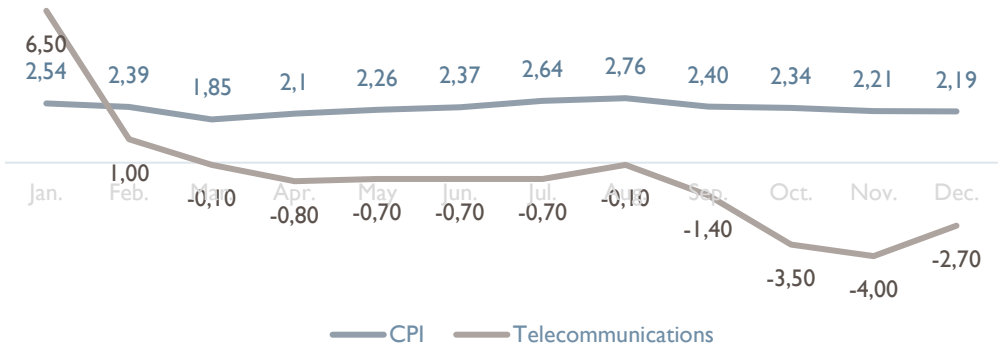

Figure 2 - Comparison of 2025 monthly evolution of communications prices and the Consumer Price Index (values in %, source: ANACOM, INE, analysis by Macedo Vitorino)

[1] At the beginning of the year, DIGI completed the acquisition of NOWO, including the transfer of its 5G spectrum holdings, with the transaction reported to be valued at approximately €150 million. The acquisition of Claranet by NOS was reported to amount to €152 million. Finally, MEO agreed to sell its Covilhã data centre for approximately €120 million, with the transaction expected to be completed during the current year.

2.3. MEDIA MARKETS

On the content side, 2025 was marked by the consolidation of a "hybrid news ecosystem", in which traditional linear platforms – namely television and radio – continued to secure significant audience shares, while digital-native models, streaming services and AI-integrated newsrooms continued to make their way into the economics of content production and distribution.

The defining event of the year was the continuation of market restructuring, illustrated by the entry of MFE-MediaForEurope into the Portuguese market through the acquisition of a strategic stake in Impresa, the sustained leadership of Media Capital in the television ratings war, and the launch of the "News Now" channel by the Medialivre group.

Simultaneously, the regulatory environment became increasingly active, with the government introducing a 30-measure Media Action Plan (PACS)[2], designed to address long-term sustainability challenges, ranging from the gradual removal of advertising on the public broadcaster, RTP, to enhanced support for local and regional journalism.

Television remains the primary vehicle for mass information and entertainment in Portugal, reaching more than 90% of the population on an annual basis. Despite growing competitive pressure from Over-the-Top (OTT) streaming services, linear television still represents close to 90% of total viewing time, largely sustained by live events, fiction programming and strong public demand for 24-hour news coverage.

The Portuguese radio market remained resilient in 2025, attracting more than seven million weekly listeners, alongside an estimated 2.4 million podcast downloads. By early 2025, 42,2% of Portuguese residents subscribed to at least one streaming platform, with total usage reaching 52% of the population.

This surge coincided with the first decline in traditional pay-TV subscriptions in 19 years, as reported by ANACOM in Q1 2025. While the Portuguese market had historically been relatively insulated from cord-cutting – largely due to the aggressive bundling strategies adopted by MEO and NOS – the entry of DIGI, offering high-speed internet

[2] See: Decree-Law No. 42/2025 of 26 March 2025.

without mandatory cable packages, appears to have triggered a structural shift in market dynamics.

2.4. THE OPORTUNITY AND RISKS OF AI IN MEDIA MARKETS

Digital advertising in Portugal is valued at approximately €0.9 billion, accounting for a substantial share of the TMT economy. Businesses are increasingly shifting budgets toward data-driven, targeted advertising, although the rise of ad-blocker usage (affecting 30% of users) poses a €150 million revenue risk for the sector.

AI has been integrated into the "back office" of most major media groups, with the Medialivre group reporting that around 75% of its content is automatically classified using AI tools, enhancing newsroom efficiency. However, the Reuters Institute's 2025 report highlights that "Trust in News"[3] has fallen to its lowest point in a decade (54%), largely due to the public's fear of AI-generated disinformation and the cuts in newsroom staff.

2.5. DIGITAL TECHNOLOGIES

The most profound transformation in the Portuguese digital technologies market in 2025 occurred in the data centre segment. Until then, Portuguese data centres - mostly operated by communications companies like MEO or NOS and utilities such as REN (the national electrical grid operator) - were smaller and, as such, did not support the higher densities required by modern AI.

Thus, the inauguration of the first unit of the Start Campus project in Sines (SIN01), along with new projects such as AI Campus (Edged/Merlin Properties) and AtlasEdge (Lisbon), was not a complement to the old market but a replacement infrastructure designed for the AI and hyperscale cloud economy.

On the other hand, NOS's acquisition of Claranet Portugal for €152 million demonstrated another evolution worth mentioning. By integrating Claranet's

[3] For a complete appraisal see Reuters Institute Digital News Report 2025, p.100, in here.

competencies in cloud, cybersecurity, and AI, NOS positioned itself not just as a provider of connectivity, but as a key player in the digital technologies market.

2.6. THREATS

In 2025, Portugal offered one of the greenest electrical grids in Europe, with 87.5% of net electricity production coming from renewable sources a very positive feature of the national market. However, this proved to be a double-edged sword when, on 28 April, the electric grid was operating using mostly renewable sources in Portugal and Spain and suffered a severe instability, triggering a shutdown. This shutdown caused a blackout of the Spanish electricity grid, which cascaded across Portugal and brought large parts of the country to a standstill for several hours[4].

This near-unprecedented event placed the resilience of communications networks under severe and unexpected stress, testing both their ability to continue operating and to recover under extreme conditions. The debate it triggered continues into 2026 and is likely to remain relevant for years to come.

[4] For a detailed factual analysis of the incident see ICS Investigation Expert Panel: Grid Incident in Spain and Portugal on 28 April 2025 (3 October 2025). The report may be found here.

3. MAIN REGULATORY DEVELOPMENTS

3.1. OVERVIEW

Developments in 2025 focused on the reinforcement of cybersecurity and critical infrastructure resilience through the transposition of the NIS2 and CER Directives, as well as on the development of new infrastructure supporting data transmission and electronic communications, notably through strategic investment in submarine cable systems aimed at strengthening connectivity and international data flows.

Regulatory action addressed key aspects of the electronic communications framework, notably through the approval of the number portability regulation, strengthening consumer protection by allowing end users to change providers more swiftly and at no additional cost, while lowering barriers to effective competition[5].

3.2. NETWORK CONNECTIVITY AND INFRASTRUCTURE

In 2025, submarine cable infrastructure was elevated to the status of strategic national asset, embedded within long-term state planning and recognised as critical to international connectivity and systemic resilience. The year was marked by:

- Reinforcement of multi-year public expenditure authorisations for major Atlantic connectivity systems.

[5] For more detailed information on the main regulatory changes in 2025, please refer to our paper TMT Legal Updates published in January 2026.

- Launch of preparatory studies for a complementary Azores ring cable system, expressly subject to open wholesale access obligations.
- Integration of enhanced cybersecurity and redundancy requirements into the design and operation of the infrastructure.

3.3. CYBERSECURITY AND CRITICAL INFRASTRUCTURE GOVERNANCE

Cybersecurity reform represented the most structurally transformative development of 2025. Portugal adopted a comprehensive framework aligned with the NIS2 Directive and introduced a national regime governing the resilience of critical entities. The new model is characterised by:

- Identification and categorisation of essential and important entities.
- Mandatory implementation of risk management measures covering technical, organisational and governance dimensions.
- Strict incident notification obligations with compressed reporting timelines.
- Reinforced supervisory and investigative powers for competent authorities.
- A strengthened sanctioning regime.

Cybersecurity compliance is no longer confined to technical departments. It now entails board-level oversight, documented risk governance structures and demonstrable operational resilience.

Telecommunications operators, digital infrastructure providers and certain technology service providers face sustained regulatory scrutiny and increased enforcement exposure.

3.4. CONSOLIDATION OF EXISTING REGULATIONS

Rather than introducing a new regulatory paradigm, 2025 deepened and operationalised the existing electronic communications framework. Key developments included:

- Standardisation of the methodology for calculating revenues relevant to the annual regulatory contribution.
- Introduction of a mandatory electronic declaration model subject to enhanced audit mechanisms.
- Adoption of a more detailed and operationally precise number portability regime, strengthening switching procedures and inter-operator cooperation.
- Clarification of the regulatory qualification of international wholesale traffic carrier services.
- Updating of technical rules concerning electromagnetic field monitoring, radiocommunications stations and reduced-area wireless access points, reflecting technological developments such as 4G and 5G deployment.

Compliance now depends on detailed adherence to operational standards and reporting obligations, with reduced space for interpretative flexibility.

3.5. DATA GOVERNANCE AND INTERMEDIATION

The European data governance framework became fully operational at national level during 2025. Competent authorities were formally designated and supervisory powers over data intermediation services were attributed to the telecommunications regulator.

The regime introduces:

- Regulatory oversight of providers facilitating controlled data-sharing environments.
- Organisational and neutrality requirements applicable to data intermediation services.
- A specific sanctioning framework applicable to non-compliance.

This development expands the regulatory perimeter beyond traditional telecommunications or hosting activities. Digital platforms and entities acting as neutral intermediaries in data ecosystems are now subject to structured national supervision, particularly where they enable trusted data-sharing mechanisms.

3.6. DATA CENTRES, AI-ORIENTED INFRASTRUCTURE AND DIGITAL SOVEREIGNTY

Portugal continues to lack a dedicated data-centre statute. Data centres remain subject to general legal regimes, with the applicable framework depending on the services provided and on whether the operator also performs electronic communications functions.

However, 2025 marked a significant policy inflection point. The Government announced a National Strategy for Data Centres, with particular emphasis on infrastructure designed to support artificial intelligence workloads. The strategy includes:

- Creation of pre-licensed zones to facilitate rapid deployment of large-scale digital infrastructure.
- Development of a sovereign cloud for public-sector services, reinforcing trust in local data storage.
- Positioning Portugal as a destination for AI-driven investment and large-scale compute facilities.

Data centres may fall within the scope of electronic communications law where they operate network elements and may qualify as essential or important entities under the strengthened cybersecurity framework, depending on scale and activity.

4. 2026 OUTLOOK

The year 2026 will unfold against the proposed overhaul of the European electronic communications framework. In early 2026, the European Commission presented a proposal for a Digital Networks Act intended to replace the European Electronic Communications Code with a directly applicable Regulation. If adopted, this reform will shift the EU model from directive-based harmonisation to a more centralised regulatory structure.

In Portugal, 2026 is therefore expected to focus less on new legislation and more on enforcement and implementation of frameworks adopted in 2025.

- **Cybersecurity.** With the national NIS2-aligned regime, 2026 is expected to focus on supervisory activity and compliance verification. Essential and important entities will be required to demonstrate the effective implementation of risk-management systems, supply-chain controls, incident-response mechanisms and governance structures.
- **Network infrastructure and submarine cables**. Following the designation of certain submarine cable systems as strategic digital infrastructure, 2026 will focus on implementation, notably investment execution and enhanced security integration. International connectivity will remain sensitive amid growing geopolitical scrutiny. The key challenge will be balancing open access with reinforced security and resilience requirements.
- **Data centres.** The continued expansion of hyperscale and AI-oriented data-centre facilities is expected to remain one of the most structurally relevant developments in the Portuguese TMT landscape. Operators providing electronic communications services or managing signal transmission will remain subject to the electronic communications framework, while large-scale facilities may fall within the scope of enhanced cybersecurity supervision. Data-protection compliance will increasingly intersect with operational design, particularly in cloud-based and AI-supported environments.
- **Data governance and digital intermediation.** With the national implementation of the European data governance framework now operational, 2026

is likely to bring closer scrutiny of data intermediation services. Entities facilitating controlled data-sharing environments may face increasing attention regarding neutrality, organisational separation and transparency obligations.

- **Artificial intelligence regulation.** Although the AI Act primarily regulates developers and deployers of high-risk systems, 2026 is expected to reveal its indirect impact on infrastructure providers. Data-centre operators and cloud-service providers may face heightened contractual demands relating to availability, auditability, traceability and security. The interaction between AI compliance, cybersecurity governance and data-protection requirements is likely to increasingly influence contractual structures and operational standards, even where infrastructure operators are not directly regulated as AI system providers.
- **AI and consolidation.** The media market primary challenge is integrating AI while maintaining trust and achieving the scale needed to compete with Big Tech. The MFE-Impresa connection signals a strategic consolidation aimed at ensuring the survival of local players through increased market presence. On the State's initiatives, the success of the Media Action Plan will undoubtedly depend on fostering a diverse, financially independent ecosystem that can sustain Portugal's democratic discourse.

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ABOUT PORTUGAL

TERRITORY, POPULATION AND LANGUAGE

Portugal is situated on the southwest coast of Europe, bordering only with Spain. With a territory of 92,152 Km^2, Portugal has the largest maritime zone in Europe. Its continental platform borders the American platform.

Portuguese is the sixth most spoken language in the world, spoken by 270 million people in Portugal, Brazil, Angola, Cape Verde, Mozambique, Guinea Bissau, São Tomé and Príncipe and Timor.

POLITICAL SYSTEM

Portugal is a parliamentary republic. The legislative power lies with a national parliament (*Assembleia da República*), with 230 seats. The members of parliament are elected by universal vote for four-year terms. The Government depends on the parliament's support. The Government is led by a Prime Minister.

The President of the Republic has limited powers but has the power to influence the Parliament's and the Government's decisions and dissolve the Parliament in extraordinary circumstances.

INTERNATIONAL RELATIONS

Portugal has been a member of the EU since 1986, a founding member of the Euro and the Portuguese-speaking Countries Community (*Comunidade dos Países de Língua Portuguesa*, CPLP), which groups all Portuguese-speaking countries. Portugal is a member of the United Nations, NATO and the OECD.

CURRENCY AND BANKING SYSTEM

Portugal is one of the founding members of the «Euro», the currency of 20 European countries. The Euro is the second most traded currency in the world after the US Dollar.

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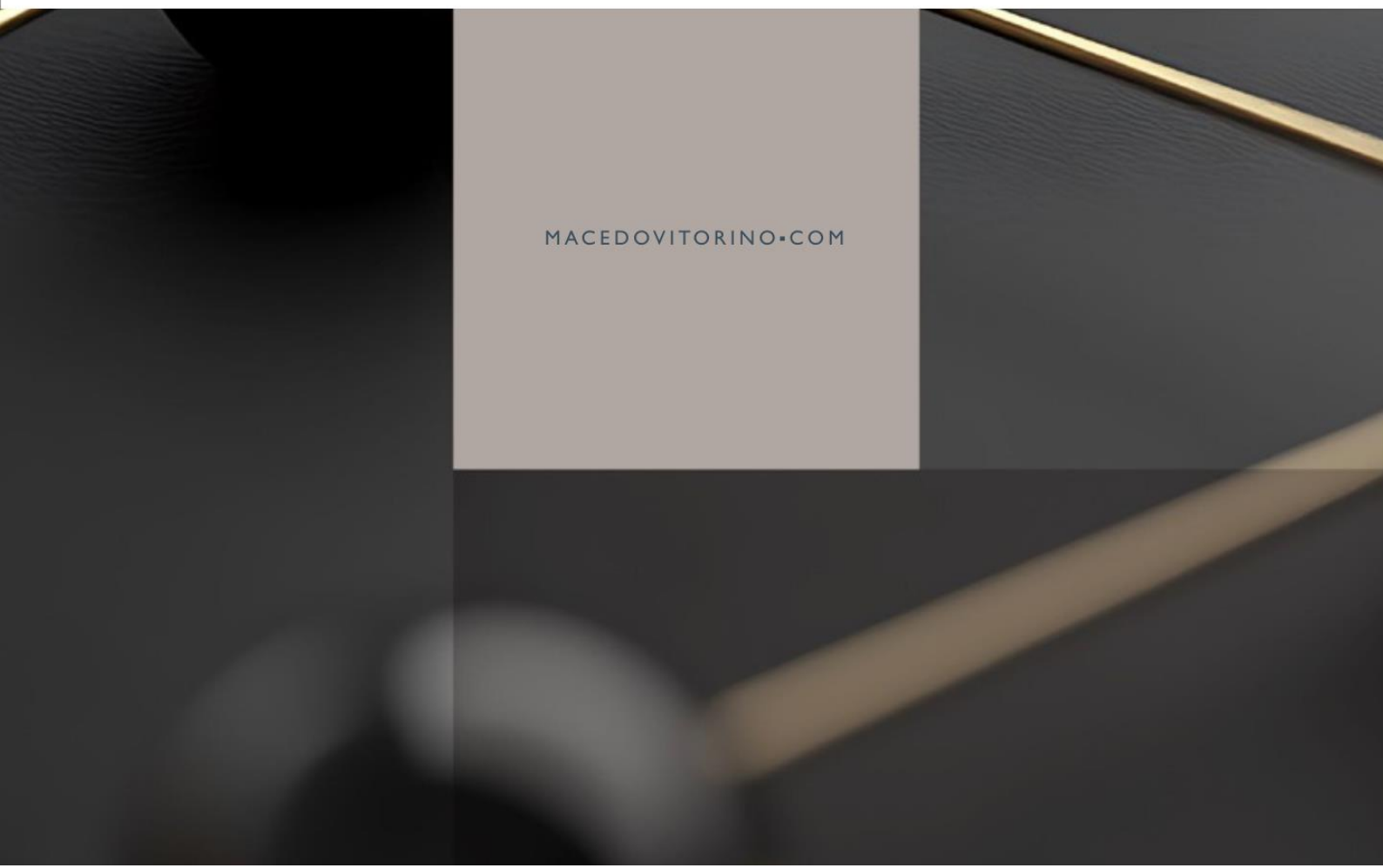

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