



Consolidated Results 12M17

Privileged Information

February 22, 2018

Highlights:

Turnover: 139.7 M€	(135.7 M€ in 12M16)
EBITDA: 10.9 M€	(5.9 M€ in 12M16)
Net Profit: 4.8 M€	(9.6 M€ in 12M16)
Net Cash: 56.8 M€	(25.7 M€ in 12M16)

Message from the Chairman and CEO Luís Salvado



"The 2017 results show that we have achieved the goals laid out for the year, and bear out the transformations we are making to our business.

First, we are replacing business in more volatile regions subject to exchange rate difficulties with a greater presence in Europe, which now accounts for around 70% of international operations. Second, we have intensified our focus on specialized products and services as a solid leverage to the digitalization of our customers' businesses (you can learn about some of the solutions at www.novabase.com). We have achieved this through major R&D investments and methodologies centred on people, such as design thinking and gamification. We have also used these types of approaches successfully within the company, with NOVA being just one example. Developed by Novabase, this platform will accelerate the development of our employees – mostly millennials – and give us an advantage in a market which has become extremely competitive in terms of technology talent.

The major changes in EBITDA and Net Profits, +85% and -50% respectively, are due to the unusual circumstances of 2016: extraordinary costs from a project, and capital gains from the sale of the Infrastructures & Managed Services business. The latter also resulted in a record year for cash generation: more than €31 million. Without it (€+41 million), and without dividends paid (€-20 million), the cash generated was €10 million.

The year was also marked by Novabase's return to the PSI20, giving its stock more visibility. Novabase nearly tripled its transaction volume in 2017, which was up 48%, including the two dividends paid.

Given the strong balance sheet of the company, we will propose a dividend payment of 15 cents per share at the 2018 General Meeting of Shareholders, corresponding nearly to a 100% payout and yield of around 5%.

We will continue to pursue our business transformations in 2018, both from the standpoint of geographically diversifying risk as well as investing in products and services. In the short term, this decision will limit our growth and profitability; however, we believe it will enable future access to higher-quality, more sustainable business. As such, we anticipate a Turnover of €140 million and an EBITDA of €8 million."

INVESTOR RELATIONS OFFICE:
Maria Gil Marín
Tel. +351 213 836 300
Fax: +351 213 836 301
investor.relations@novabase.pt

Report available on website :
www.novabase.pt

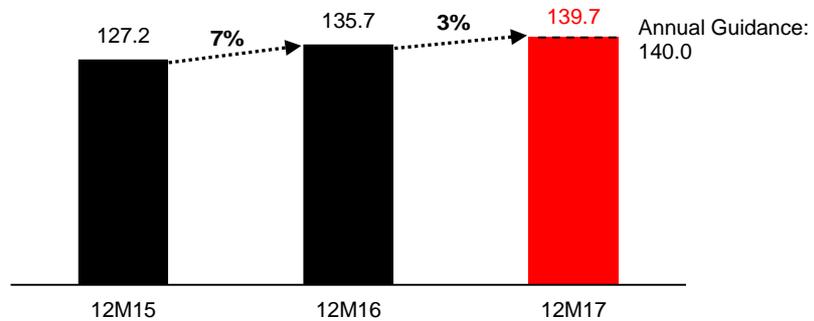
Novabase SGPS, S.A.
Public Company - Euronext code: NBA.AM
Registered in TRO of Lisbon and Corporate Tax Payer nº 502.280.182 - Share Capital: 15,700,697.00 € -
Head Office: Av. D. João II, 34, 1998-031 Lisbon - PORTUGAL



1. Key Indicators Evolution

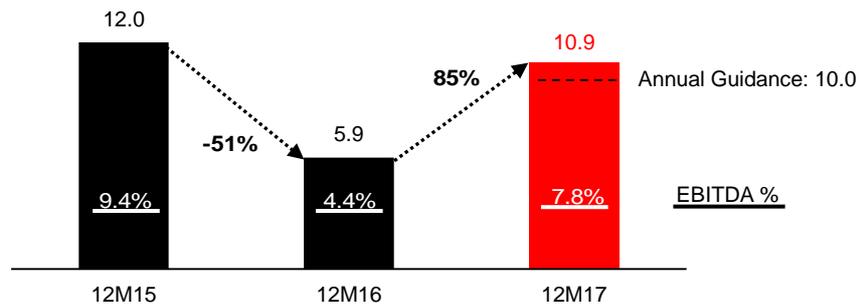
Turnover (M€)

Turnover shows a 3% rise YoY, and is in line with the annual Guidance.



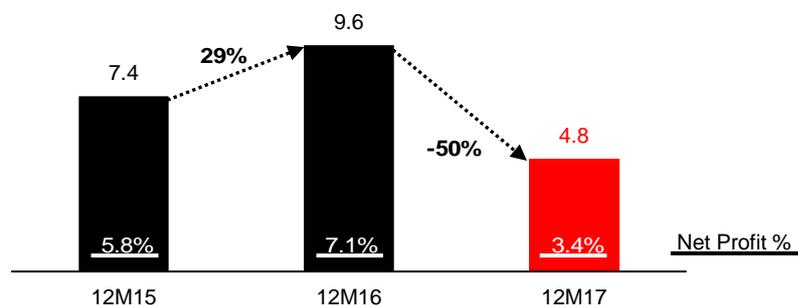
EBITDA (M€)

EBITDA above the annual Guidance (+9% in value and +0.7 percentage points). Evolution influenced by the extraordinary cost recorded in a project in 2016.



Net Profit (M€)

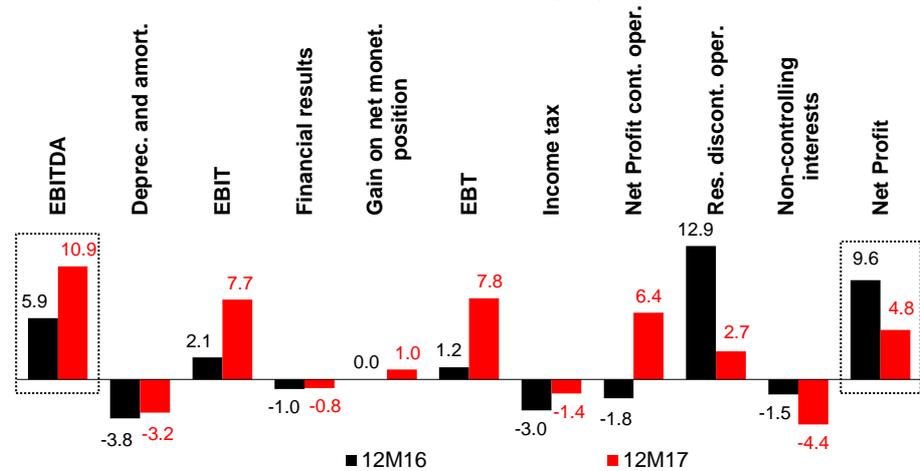
Evolution of Net Profit impacted by the IMS business disposal, recognised in 2016.



Earnings per share (EPS) in 12M17 reached 0.15 euros per share, registering a decrease of 50% towards the EPS from the previous year of 0.31 euros per share.



From EBITDA to Net Profit 12M17 Vs 12M16 (M€)



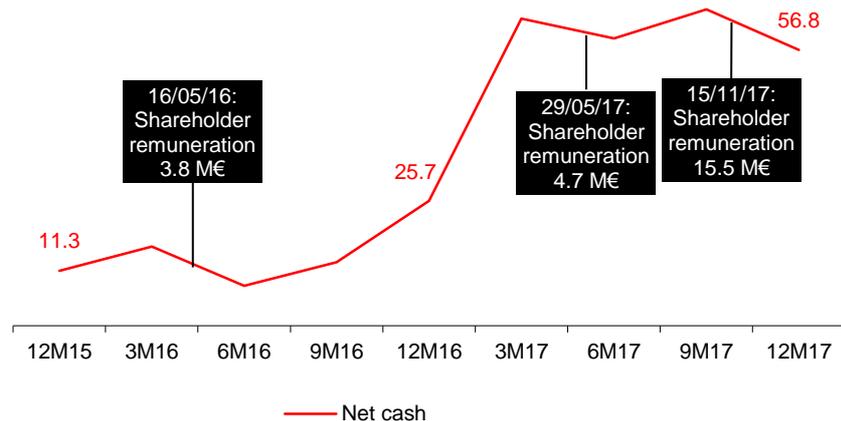
The Amortizations and the Financial Results registered an increase of 0.7 M€.

The gain in the net monetary position, amounting to 1.0 M€, derives from the application of IAS 29 to the financial statements of the subsidiary in Angola, after this economy was considered at the end of December 2017 as a hyperinflationary economy, in accordance with that standard. The calculated gain considers an inflation rate of 23.7% in Angola in 2017.

Results from discontinued operations in 12M17 reached a 2.7 M€ profit (12.9 M€ in 12M16) and correspond to the results attributable to IMS segment. In 2017, this value corresponds fully to the adjustment on the gain generated by the sale of the business, resulting from the final calculation of working capital and net debt, as established in the purchase and sale agreement.

Net Cash (M€)

Increase of 31.1 M€ in the cash position, in 2017.



In the 12M17, Novabase shows a positive evolution in cash generation. Novabase ended the 12M17 with 56.8 M€ in net cash, which compares to 25.7 M€ in the 12M16. This evolution mainly reflects the cash inflow from IMS Business disposal, in the amount of 41.1 M€.

On May 29, 2017, Novabase paid its shareholders a total amount of 4.7 M€ (0.15 €/share). Additionally, on November 15, 2017, occurred the payment of reserves and retained earnings to shareholders in a total amount of 15.5 M€, corresponding to 0.50€ per share.



On July 3rd 2017, the amount of 1.3 M€ was paid to Non-controlling interests.

2. Short Summary of the Activity

The 2017 results are aligned with the expectations laid out for the year and reflect the changes outlined for business.

Europe consolidate its leadership as the major market.

In the new perimeter, Turnover increased by 3%, with the weight of the international business accounting for 54% of the total. Operations in Europe accounts for 69% of non-domestic activity. Likewise, an improvement of operating competitiveness was verified, with EBITDA rising 85% up to 10.9 M€ and Net Profit reaching 4.8 M€.

Towards the Guidance, the 2017 results stood in line in Turnover and above in EBITDA (+9% in absolute terms and +0.7% in percentage points). In terms of international business weight, Novabase was below the target of 60%, influenced by the domestic business growth.



We highlight in 2017, in the Venture Capital segment, that Collab has been awarded the Gold Award in Global Technology by Associação Portuguesa de Contact Centres (Portuguese Association of Contact Centres). The award was announced at the 13th International Conference of the association, an event that brings together the Portuguese contact centre industry.

In the Business Solutions area, Celfocus and Novabase Business Solutions achieved the leadership of the Innovation - Services category, in the ranking published by Star Company magazine for the 1000 largest companies operating in Portugal, occupying respectively the first and second place.

Additionally, Novabase renewed its appraisal of Maturity Level 3 in the CMMI (Capability Maturity Model Integration) model in Portugal. This international benchmark measures the maturity and capacity of an organization's processes, certifying its expertise in product and service development in the areas of systems and software engineering. This appraisal, once again given by the Spanish consultant PROQUA, keeps Novabase in the elite group of certified software companies headquartered in Portugal.

With regard to new partnerships, Novabase has signed a protocol with Instituto Superior Técnico (IST) to join its network of strategic partners. This agreement will allow Novabase to support the transfer of knowledge and innovation, resulting from the research activity of the University to the Industry and vice versa, and fall under Novabase's strategy to specialise its offerings and make them more suitable for the most sophisticated markets.

Highlights also include the re-entry of Novabase to the main index of the Lisbon stock exchange. The return to PSI20 increases the visibility of Novabase and may lead to an increase of the liquidity of its stock, which recorded a 48% appreciation during the year, adjusting the regular and extraordinary dividends paid in 2017.

World reference events reflect Novabase's focus on innovation and provide excellent showcases for the dissemination of its offerings.

2017 was once again a year of investment in innovation and dissemination of Novabase offerings in events with large exposure, namely:

- Novabase participated in the conference of Gamification Europe, aimed at those who use gamification to encourage behavioural change within their companies. The conference was launched in the UK and was attended by the largest gamification specialists, where Novabase presented its NOVA project, a platform for promoting the growth of Novabase's employees;



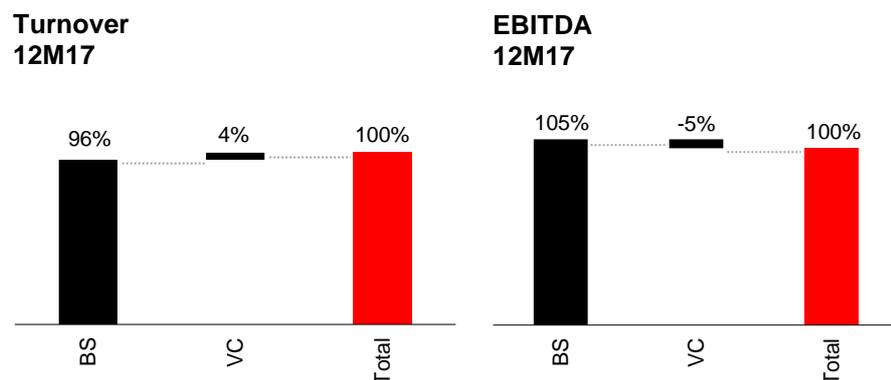
- Novabase was the platinum sponsor of the Receivables Finance International 2017 (RFix) conference, held in London, the world's main event in the area of factoring, that bring together financial institutions, technology innovators, companies and specialists for an in-depth discussion on the industry's future;
- Celfocus presented its Celfocus Omnichannel solution at the Mobile World Conference, which is considered the most important telecommunications trade show worldwide;
- Novabase was a partner of Web Summit 2017, considered one of the world's most important events in entrepreneurship, technology and innovation. The event took place once again in Lisbon and was the stage chosen for the presentation of the Wizzio Digital Platform, developed by the Financial Services area of Novabase;
- Novabase participated in the APDC Congress, whose central theme was the transformation of the businesses in order to meet the digital demand. Novabase unveiled its innovative methodologies such as Gamification and Design Thinking.



With regard to new companies, in the Venture Capital area, it was decided to establish a new venture capital fund 'Novabase Capital + Inovação', with a total capital of 7 M€. The referred fund is held in 53.1% by Novabase Capital SCR, S.A. and 46.9% by Fundo de Capital e Quase Capital (FC&QC). Through this Fund, Novabase Capital intends to respond to the constraints on SME financing in the ICT market and to contribute to the stimulation and orientation of business investment and job creation, in line with the investment objectives and priorities defined in the Portugal 2020.

Still in this segment, the Venture Capital Fund Novabase Capital Inovação e Internacionalização sold part of its investment in the company Feedzai, to the North American companies Sapphire Ventures and Sapphire Sap, obtaining a 3 M€ gain. Feedzai works in the area of data science and is one of the references of innovation in Novabase Capital' portfolio.

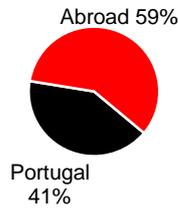
The percentage breakdown of Turnover and EBITDA by the different businesses, in the 12M17, is as follows:



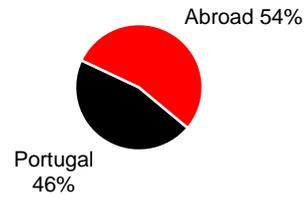
From the total Turnover, 75.5 M€ were generated outside Portugal, which compares to 79.4 M€ registered in 12M16.



Turnover by geography 12M16



Turnover by geography 12M17



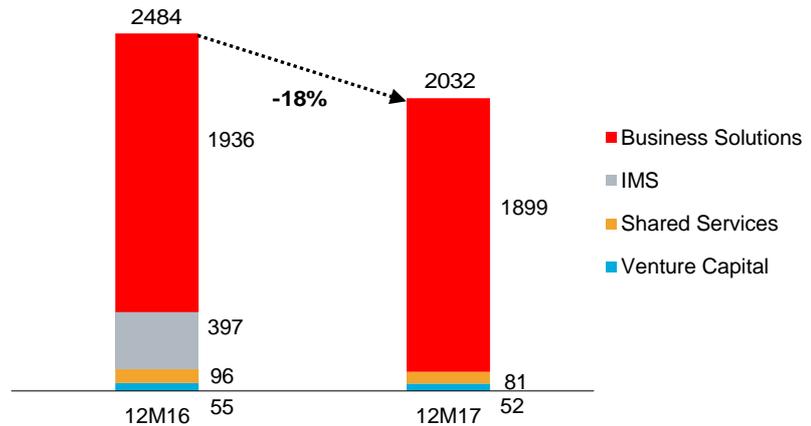
Europe was the continent with greater expression in 2017, accounting for 69% of international business.

Business outside Portugal generated in the Business Solutions area decreased to 54% of the respective Turnover (59% in 12M16) and in the Venture Capital area increased to 60% (42% in 12M16).

Novabase had 2032 employees on average in the 12M17, a decrease of 18% compared to the 12M16 (2484), reflecting the exit of the IMS Business companies employees, sold at the end of 2016.

Average number of employee's breakdown by business area, during 12M17, was as follows:

Average Number of Employees



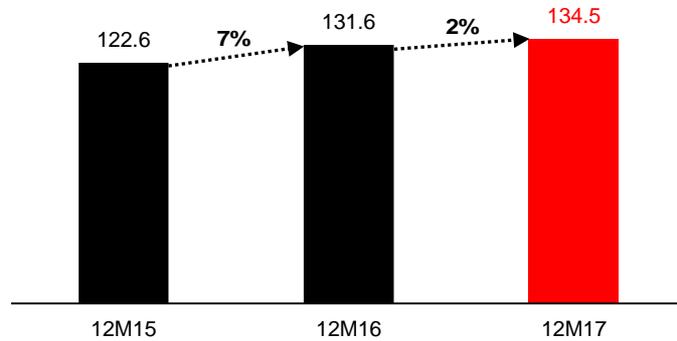
Average number of employees' evolution reflect the disposal of IMS business.

Worthy of note is that international employees represent 10% of the total number in 12M17 (211), and the recruitment of 97 new university graduates through Novabase Academy program.



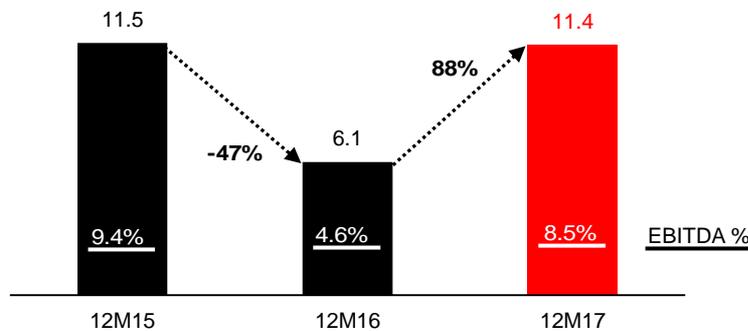
2.1. Business Solutions (BS)

Turnover Business Solutions (M€)



BS evolution reflects top-line growth, in line with the expectations for the year, and a positive performance of the businesses.

EBITDA Business Solutions (M€)



2.2. Infrastructures & Managed Services (IMS)

As at October 12, 2016, Novabase has entered into a purchase and sale agreement with VINCI Energies Portugal, SGPS, S.A., to sell its Infrastructures & Managed Services business ("IMS Business"), by the agreed price of 38.365 million euros, which was substantially completed by the end of the year, therefore a gain amounting to 17.6 M€ was recorded in 2016 accounts.

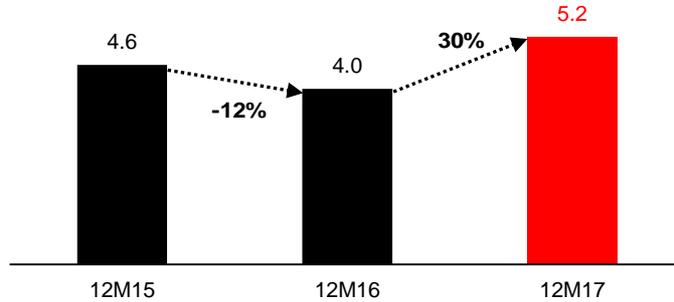
Final price calculation generated an additional gain of 2.7 M€.

In the first half of 2017, the final calculation of working capital and net debt as established in the purchase and sale agreement took place, and the final price was revised to 41.061 million euros, resulting in an adjustment to the gain generated by the sale of the IMS business in the amount of 2.7 M€.



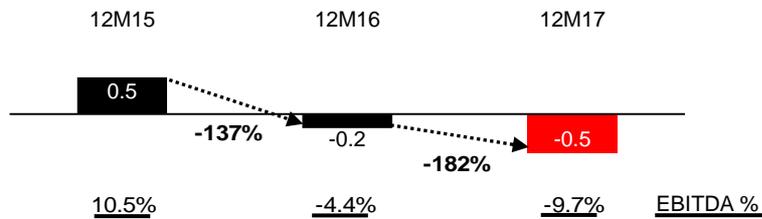
2.3. Venture Capital (VC)

Turnover Venture Capital (M€)



VC area with limited significance, typical of the development stage of its investments.

EBITDA Venture Capital (M€)



3. Stock Performance

Excluding the shareholder remuneration, the appreciation of Novabase share price would have been 48%.

Novabase share price in 2017 gained 22%, comparing to an 15% gain in the PSI20 Index and a 19% gain in the EuroStoxx Technology Index.

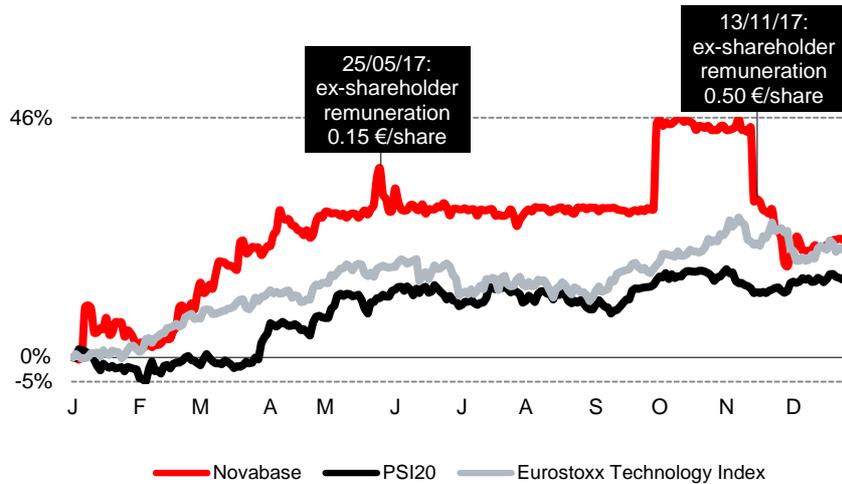
On May 2017, a dividend of 0.15€/share was distributed. Additionally, on November 2017, it was paid to the shareholders an amount of 0.50€ per share, corresponding to the distribution of reserves and retained earnings.

Also to be noted the re-entry of Novabase to the main index of the Lisbon stock exchange, the PSI20, as at March, 20.

The Board of Directors will propose to the General Meeting of Shareholders to be held on May 10, the distribution of dividends in the amount of 4.7 M€, corresponding to 0.15€ per share.

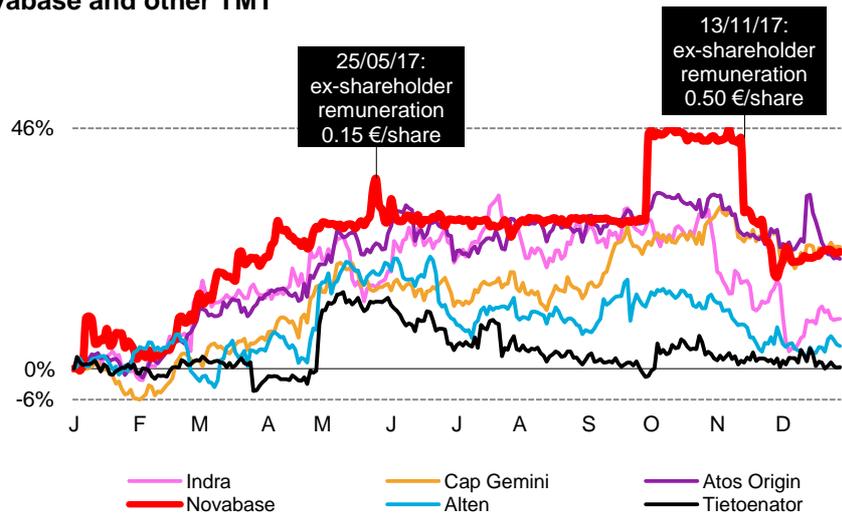


Novabase and the Market



The evolution of Novabase share prices compared to other companies in the IT sector in Europe, in 12M17, was as follows:

Novabase and other TMT



In the end of 2017, Novabase presented a Price to Sales multiple of 0.95x, which represents a discount of 13% compared to the average of other companies in the sector in Europe (source: Reuters, ttm values at 31/12).

12% is the average upside according to the analysts who cover Novabase.

The average price target disclosed by the analysts who cover Novabase is 3.40 euros.

Rotation in 12M17 represented 26% of the capital and 8.2 million shares were traded, 2.9 times higher than the values recorded in 12M16 (rotation of 9% of the capital and 2.8 million shares traded).

Summary	2013	2014	2015	2016	2017
Minimum price (€)	2.290	2.090	2.070	1.879	2.480
Maximum price (€)	3.110	4.100	2.619	2.490	3.639
Volume weighted average price (€)	2.790	3.183	2.350	2.145	3.136
Last tradable day price (€)	2.610	2.214	2.114	2.490	3.049
Nr. of shares traded (millions)	8.3	5.9	5.7	2.8	8.2
Market cap. in the last day (M€)	82.0	69.5	66.4	78.2	95.7



4. Outlook 2018

The 2017 results are in line with the strategic objectives set for the year.

The international activity accounts for 54% of the total business, and Europe consolidates its position as the major market, representing 69% of total. In this period, EBITDA margin was 7.8% and Net Profit reached 3.4%.

In 2018, Novabase will continue the transformations to its business, both in terms of geographic diversification of risk as in the investment of the offerings. In the short term, this strategy limits growth and profitability, but Novabase believes that it will enhance future access to higher quality and sustainable businesses.

Thus, in terms of Guidance, Novabase expects to reach a Turnover of 140 M€ in 2018 with an EBITDA of 8 M€.



Alternative Performance Measures (APMs)

In compliance with ESMA/2015/141en issued by European Securities and Markets Authority.

APMs used by Novabase are intended to provide additional information, more comprehensive and relevant to users, regarding the position and financial performance of the company. These APMs are applied consistently in all periods reflected in this release.

Net Cash

Net Cash provides information on the level of cash and other bank deposits and marketable securities, after discounting the debts to financial institutions, assisting in the analysis of the company's liquidity and ability to meet its non-bank commitments.

The caption "Cash and cash equivalents" is simultaneously the item of the consolidated statement of financial position more directly reconcilable and more relevant to this APM.

The detail and breakdown of Net Cash, as well as the reconciliation in 12M17 and prior periods, is analysed as follows:

	12M15	12M16	12M17
Cash and cash equivalents	24,293	35,703	56,136
Held-to-maturity investments - Non-current	4,554	4,859	7,713
Held-to-maturity investments - Current	845	4,441	7,353
Treasury shares held by the Company (*)	25	21	1,148
Bank borrowings - Non-current	(14,387)	(13,907)	(10,563)
Bank borrowings - Current	(3,992)	(5,376)	(4,963)
Net Cash	11,338	25,741	56,824

(*) Is determined by multiplying the number of treasury shares held by the Company at the end of the period by the share price on the last tradable day:

	12M15	12M16	12M17
Treasury shares held by the Company (thousands)	11.957	8.615	376.611
Closing price on the last tradable day (€)	2.114	2.490	3.049
Treasury shares held by the Company (EUR thousand)	25	21	1,148

This APM and all its components contain no estimates or judgments made by Management.

EBITDA

EBITDA provides information on the company's ability to generate resources through its operations, without taking into account the financial effects, taxes and other non-operational items, assisting in the analysis of the business performance.

Operating profit (EBIT) is simultaneously the item of the consolidated income statement more directly reconcilable and more relevant to this APM. Given that EBITDA is directly identifiable from the referred financial statement, no reconciliation is presented here.

The detail and breakdown of EBITDA is analysed as follows:

EBIT - Depreciation and amortization - Restructuring costs

This APM includes a component that may require the use of estimates and judgments made by Management on future results ("Restructuring costs": costs related to specific processes implemented with the aim to improve the competitiveness of the operations). For the periods presented in this release, this item is null.

APMs used by Novabase are Net Cash and EBITDA.


**Consolidated Statement of Financial Position
as at 31 December 2017**

	31.12.17	31.12.16
	(Thousands of Euros)	
ASSETS		
Tangible assets	10,019	8,899
Intangible assets	17,162	18,104
Financial investments	3,110	4,928
Held-to-maturity investments	7,713	4,859
Deferred income tax assets	10,448	9,545
Other non-current assets	3,256	5,132
Total Non-Current Assets	51,708	51,467
Inventories	46	486
Trade debtors and accrued income	61,642	64,120
Other debtors and prepaid expenses	7,323	48,953
Derivative financial instruments	18	19
Held-to-maturity investments	7,353	4,441
Cash and cash equivalents	56,136	35,703
Total Current Assets	132,518	153,722
Assets for continuing operations	184,226	205,189
Assets for discontinued operations	-	-
Total Assets	184,226	205,189
EQUITY		
Share capital	15,701	15,701
Treasury shares	(188)	(4)
Share premium	43,560	43,560
Reserves and retained earnings	3,722	16,071
Net profit	4,774	9,577
Total Shareholders' Equity	67,569	84,905
Non-controlling interests	13,597	8,151
Total Equity	81,166	93,056
LIABILITIES		
Bank borrowings	10,563	13,907
Finance lease liabilities	6,274	4,990
Provisions	10,369	9,109
Other non-current liabilities	744	-
Total Non-Current Liabilities	27,950	28,006
Bank borrowings	4,963	5,376
Finance lease liabilities	1,944	1,540
Trade payables	5,616	7,242
Other creditors and accruals	36,581	40,178
Derivative financial instruments	-	82
Deferred income	25,103	27,709
Total Current Liabilities	74,207	82,127
Total Liabilities for cont. operations	102,157	110,133
Total Liabilities for discount. operations	903	2,000
Total Liabilities	103,060	112,133
Total Equity and Liabilities	184,226	205,189
Net Cash	56,824	25,741

**Consolidated Income Statement
for the year ended 31 December 2017**

	31.12.17	31.12.16	Var. %
	(Thousands of Euros)		
CONTINUING OPERATIONS			
Sale of goods	159	101	
Cost of goods sold	(31)	(25)	
Gross margin	128	76	68.4 %
<i>Other income</i>			
Services rendered	139,563	135,553	
Supplementary income and subsidies	1,558	410	
Other operating income	919	1,362	
	142,040	137,325	
	142,168	137,401	
<i>Other expenses</i>			
External supplies and services	(51,201)	(46,563)	
Employee benefit expense	(82,155)	(79,050)	
(Provisions) / Provisions reversal	6,433	(4,971)	
Other operating expenses	(4,330)	(912)	
	(131,253)	(131,496)	
Gross Net Profit (EBITDA)	10,915	5,905	84.8 %
Restructuring costs	-	-	
Operating Gross Net Profit	10,915	5,905	84.8 %
Depreciation and amortization	(3,210)	(3,785)	
Operating Profit (EBIT)	7,705	2,120	263.4 %
Financial results	(838)	(951)	
Gain on net monetary position	955	-	
Net Profit before taxes (EBT)	7,822	1,169	569.1 %
Income tax expense	(1,382)	(3,002)	
Net Profit from continuing operations	6,440	(1,833)	451.3 %
DISCONTINUED OPERATIONS			
Net Profit from discount. operations	2,696	12,881	-79.1 %
Non-controlling interests	(4,362)	(1,471)	
Attributable Net Profit	4,774	9,577	-50.2 %
Other information:			
Turnover	139,722	135,654	3.0 %
Gross margin from sales %	80.5 %	75.2 %	
EBITDA margin	7.8 %	4.4 %	
EBT % on Turnover	5.6 %	0.9 %	
Net profit % on Turnover	3.4 %	7.1 %	



Consolidated Income Statement by SEGMENTS
for the year ended 31 December 2017

(Thousands of Euros)

	Business Solutions	Discont. op. IMS	Venture Capital	NOVABASE
CONTINUING OPERATIONS				
Sale of goods	159	-	-	159
Cost of goods sold	(31)	-	-	(31)
Gross margin	128	-	-	128
Other income				
Services rendered	134,345	-	5,218	139,563
Supplementary income and subsidies	1,558	-	-	1,558
Other operating income	792	-	127	919
	136,695	-	5,345	142,040
	136,823	-	5,345	142,168
Other expenses				
External supplies and services	(48,157)	-	(3,044)	(51,201)
Employee benefit expense	(79,496)	-	(2,659)	(82,155)
(Provisions) / Provisions reversal	6,547	-	(114)	6,433
Other operating expenses	(4,298)	-	(32)	(4,330)
	(125,404)	-	(5,849)	(131,253)
Gross Net Profit (EBITDA)	11,419	-	(504)	10,915
Depreciation and amortization	(2,821)	-	(389)	(3,210)
Operating Profit (EBIT)	8,598	-	(893)	7,705
Financial results	(1,668)	-	830	(838)
Gain on net monetary position	955	-	-	955
Net Profit / (Loss) before Taxes (EBT)	7,885	-	(63)	7,822
Income tax expense	(1,310)	-	(72)	(1,382)
Net Profit / (Loss) from cont. operations	6,575	-	(135)	6,440
DISCONTINUED OPERATIONS				
Net Profit from discontinued operations	-	2,696	-	2,696
Non-controlling interests	(4,061)	-	(301)	(4,362)
Attributable Net Profit / (Loss)	2,514	2,696	(436)	4,774
Other information :				
Turnover	134,504	-	5,218	139,722
EBITDA	11,419	-	(504)	10,915
EBITDA % on Turnover	8.5%	-	-9.7%	7.8%
EBT % on Turnover	5.9%	-	-1.2%	5.6%