

RESULTS  
ANNOUNCEMENT  
2017



*The consolidated financial information disclosed in this report is based on unaudited financial statements, prepared in accordance with the International Financial Reporting Standards (IAS/IFRS), issued by the International Accounting Standards Board (IASB), as adopted by the European Union.*



# 1. Main Highlights

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Consolidated turnover of 139.6 million euros increasing 6.9% y.o.y driven mainly by the technology area  
NOS reinforcing market shares across the board and driving solid growth in operating revenues, at the telecommunications area  
Technology revenues reaching 125.9 million euros, growing 7.9% y.o.y., with International markets weighting more than 50%  
Free Cash Flow of 16.1 million euros despite the several investments in new technology companies

# 2. Sonaecom Consolidated Results

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Telecommunications area, which includes a 50% stake in ZOPT - consolidated through the equity method - which owns 52.15% stake in NOS, continues to grow in all its core services, posting total RGU and Operating Revenues growth.

Technology area, during 2017, continued to pursue its active portfolio strategy, with six new investments closed, a new pre-seed fund formally launched and reinforcement in some portfolio companies while commanding a strong pipeline with multiple active processes, across all investment stages.

## Turnover

Consolidated turnover in 2017 reached 139.6 million euros, increasing 6.9% when compared to 2016, with both technology and media areas contributing positively.

## Operating costs

Operating costs amounted to 141.9 million euros, 8.1% above 2016. Personnel costs grew 11.1% reflecting the increase in the average number of employees. Commercial costs increased 33.7% to 48.8 million euros, driven by the increase in cost of goods sold, aligned with the higher level of sales. The decline in other operating costs is mainly explained by the lower level of Outsourcing services.

## EBITDA

Total EBITDA stood at 27.3 million euros, 52.3% above 2016, essentially on the back of equity results, impacted mostly by ZOPT contribution which, in turn, depends on NOS net income evolution. Underlying EBITDA decreased to 0.3 million euros.

## Net results

Sonaecom's EBIT increased to 17.8 million euros, from 2.5 million, mainly explained by the higher level of EBITDA but also driven by the lower depreciation costs.

Net financial results reached negative 1.0 million euros in 2017 that compares with negative 5.3 million in the previous year.

Sonaecom's earnings before tax (EBT) increased from negative 2.8 million to 16.8 million euros, driven by the higher EBITDA and the higher net financial results.

Indirect results of 6.8 million euros are related with Armilar Venture Funds' portfolio fair value adjustments. The 28.5 million euros recorded in 2016 are related with the acquisition of those stakes.

Net results group share stood at 22.8 million euros, which compares with 48.1 million euros in 2016.

## Operating CAPEX

Sonaecom's operating CAPEX decreased to 8.6 million euros, reaching 6.1% of turnover, 1.9 p.p. below 2016.

## Capital structure

The cash position stood at 197.9 million euros, decreasing 6.3 million euros since December 2016, driven namely by 23.5 million euros of dividends distribution, which were not fully compensated by the positive free cash flow generation.

## 2.1 Telecommunications

NOS operating revenues were 1,561.8 million euros in 2017, growing 3.1% y.o.y. EBITDA reached 580.6 million euros, increasing 4.3% when compared to 2016 and representing a 37.2% EBITDA margin. CAPEX amounted to 380.6 million euros in 2017, a decrease of 3.1% y.o.y. As a consequence of EBITDA and CAPEX evolution, EBITDA-CAPEX increased 21.9%.

At the end of 2017, net financial debt totalled 1,085.5 million euros, equal to 1.9x EBITDA, and with an average maturity of 3 years.

NOS published its 2017 results on 12<sup>th</sup> March, 2018, which are available at [www.nos.pt](http://www.nos.pt).

During 2017, NOS share price decreased 2.8% from €5.638 to €5.481, whilst PSI20 increased by 15.2%.

### Operational Indicators

Operational Indicators ('000)	4Q16	4Q17	Δ 17/16	3Q17	q.o.q.	2016	2017	Δ 17/16
Total RGUs	9 076.8	9 411.7	3.7%	9 365.7	0.5%	9 076.8	9 411.7	3.7%
Convergent RGUs	3 387.2	3 650.6	7.8%	3 631.5	0.5%	3 387.2	3 650.6	7.8%

### Financial indicators

NOS HIGHLIGHTS	4Q16	4Q17	Δ 17/16	3Q17	q.o.q.	2016	2017	Δ 17/16
Operating Revenues	390.9	399.3	2.2%	393.1	1.6%	1 515.0	1 561.8	3.1%
EBITDA	125.0	129.1	3.3%	151.2	-14.6%	556.7	580.6	4.3%
EBITDA margin (%)	32.0%	32.3%	0.4pp	38.5%	-6.0pp	36.7%	37.2%	0.4pp
Net Income	12.0	18.6	55.3%	33.6	-44.6%	90.4	124.1	37.3%
CAPEX	100.0	117.0	17.0%	90.8	28.9%	392.7	380.6	-3.1%
EBITDA-CAPEX	24.9	12.1	-51.6%	60.5	-80.0%	164.1	200.1	21.9%



## 2.2 Technology

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The Technology area aims to build and manage a portfolio of technology businesses around retail and telecommunications, as well as cybersecurity, with an international scale. This area currently comprises, alongside with minority stakes and Bright Pixel, five controlled companies – WeDo Technologies, S21Sec, Saphety, Bizdirect and Inovretail - that generated circa 50.3% of its revenues outside the Portuguese market with 38.7% out of the total 1,028 employees based abroad.

**WeDo Technologies** is a worldwide leader in Revenue Assurance and Fraud Management that works with more than 180 telecommunications operators in over 100 countries. The international markets represented 77.1% of its turnover.

WeDo Technologies' market leadership was recognized by Stratecast (Frost & Sullivan's Stratecast Global Communication Services Providers Financial Assurance Market Leadership), and the excellence of its products and implementations were recognized by Falcon Business Research (Best Revenue Assurance & Fraud Management Solution) and Informa BSS&OSS Latam Awards (Best Revenue Assurance Solution), amongst others.

During 2017, WeDo Technologies hosted its Worldwide User Group in Lisbon with more than 300 attendees and more than 65 telecom operators. The Company also held its User Group Americas in Miami and a regional event in Malaysia, with over 85 attendees, including 17 telecom operators. It also marked its presence at the Mobile World Congress in Barcelona, where it launched an online platform for Telecom Operators, counting with a set of cloud-based applications, RAID.Cloud, that tackle fraud, revenue loss and other telecom operational issues.

WeDo's RAID.Cloud also features ground breaking applications in customer digital risk profiling and crowdsourced service assurance analytics, leveraging the latest technologies in Artificial Intelligence and Machine Learning.

During 2017, the company acquired seventeen new telecom customers based in Moldova, Greece, Australia, Sri Lanka, USA, Benin, Georgia, UK, Curacao, Vietnam, Brazil, South Africa and Niger.

It is also worth noting that WeDo Technologies signed a Global Partnership agreement with Ericsson aiming at helping Operators in maximizing the value of their digital transformation investments, through smarter risk management and revenue stream protection.

**S21Sec** is a reference multinational pure cybersecurity player, focused on the delivery of cyber security services and development of proprietary supporting technologies. Since its foundation, the company has grown through constant R&D investment and today works with a global customer base, leveraging its teams in Spain, Portugal and Mexico.

S21sec has a strong commitment to the government sector and a recurrent collaboration with law enforcement agencies.

During 2017, the company worked on its portfolio positioning to focus as an MSSP (Managed Security Services Provider), with all the services provided built around continuity with customers. In what concerns its own product, Lookwise Device Manager (LDM), a world-class product for the ATM Protection market, the strategy also evolved very positively with relevant contracts being signed with Mexican Banks and with a leading global bank, the latter with a project including a significant number of licenses. Despite the growing number of cyber-attacks, no S21sec customer was affected by the 2 global attacks, WannaCry and Petya, occurred in 2017.

With a positive impact on brand visibility, S21sec powered Donostia Cyber Sec Event 2017 in San Sebastián and S21Sec Revolution event with Cymulate and FireEye. The Company participated also in several relevant events for the sector like "Mundo HackerDay", "Infosecurity Europe 2017", "Secure Payments & ID Congress 2017", "E-Crime & Cybersecurity Spain", "Cybercamp 2017", "IX International Congress of Industrial Cyber Security" in Madrid, "ATM & Cyber Security" in London and "Prevent of Fraud & Security Congress" in Colombia, among others.

**Saphety** is a solutions provider for business processes optimization that has a foothold in electronic invoicing and EDI (Electronic Data Interchange) market as well as in data synchronization for GS1 worldwide organizations.

This period has been marked by a market share reinforcement at Saphety GOV with 151 new customers. Saphety DOC also presented growth while EBP (Electronic Billing Presentment) project at Oi evolved favorably. After being homologated as an invoice platform by Colombian tax authorities in 2016, Saphety closed its first Saphety DOC contracts in the country, aligned with the defined market strategy.

Saphety's customer base has now over 8,500 customers and 130,000 users in 34 countries with international markets representing almost 30% of total revenues.

**Bizdirect** is a technology company specialized in IT solutions commercialization, consulting and management of corporate software licensing contracts and Microsoft solutions integration.

During 2017 Bizdirect revenues grew 16.0% versus 2016 while the Cloud business unit, focused in Microsoft contract management, infrastructure sale and Cloud products and services, grew more than 17%. Nearshore business unit, supported by Bizdirect Competence Center in Viseu, won 7 new customers.

International revenues represented 7.7% of total Turnover as Bizdirect notoriety in the European market is growing. Nearshore already counts with 32 international customers across 15 countries.

**InovRetail** is a company focused in the development of advanced analytics tools, aiming to assist retailers in improving performance by making more informed decisions. The company's main product is the predictive analytics engine, Smart Measure, that provides highly reliable sales forecasts, promotion impacts and stock levels, based on machine learning algorithms that combine data from the retailers' stores and sales, as well as from over 100 external sources. The next steps include accelerating growth in existing markets, as well as penetrating new ones, through the investment in building up the team, improving the SaaS platform and reinforcing R&D.



**Bright Pixel** is a company builder studio whose goal is to transform the creation of new ventures and the way companies address innovation. Bright Pixel is managing a venture lifecycle going from experimentation and lab phases that have the objective to identify ideas and projects that should be brewed in its incubation programme. Bright Pixel invests and supports the development of internally brewed projects as well as assisting their first batch of invited startups in their product development roadmap and market rollout. *Probe.ly*, having started as an internal project, won the *Caixa Capital Empreender Award 2017*, has recently stepped from MVP (minimum valuable product) to an independent startup.

Bright Pixel is also investing in events, like Pixels Camp, to link its activity to the tech community as well as promoting a close relationship with its partners, by developing quick proof of concepts aimed at resolving technology and business needs in themes such as retail, media, cyber-security and telecommunications.

**Armlar Venture Funds** are the 3 Venture Capital funds in which Sonae IM owns participation units acquired to Novo Banco. With this transaction, concluded in December 2016, Sonae IM reinforced its portfolio with sizeable stakes in leading edge companies such as Outsystems and Feedzai, both consistently presenting meaningful and sustainable levels of growth.

**StyleSage** is a strategic analytics SaaS platform that helps fashion, home and beauty retailers and brands with critical pre, in and post season decisions globally. Every day, StyleSage pulls product data from competitors' ecommerce websites from around the world. Then, with groundbreaking technology in machine learning and visual recognition, StyleSage cleans, organizes, and analyzes the massive amounts of collected data into a cloud-based dashboard that empowers brands and retailers to make informed, data-driven decisions in areas such line planning, markdown optimization, and global expansion.

**Ometria** is a London based AI powered customer marketing platform with the vision to become the central hub that powers all the communication between retailers and their customers. This investment was done by Sonae IM in the \$6m Series A round, alongside several strategic investors (including Summit Action, the US VC fund of the Summit Series).

**Secucloud** is a Germany based company that provides a cloud security platform for protecting all devices (subscriber endpoints) and operating systems with no installation required, offered to Telcos & ISPs as a white label solution. Sonae Investment Management totally subscribed the multi million Series B financing round.

**ArticWolf**, a US based company, is a global pioneer in the SOC-as-a-Service market with cutting-edge managed detection and response (MDR), which provides a unique combination of technology and services for clients to quickly detect and contain threats. US technology investors Lightspeed Venture Partners and Redpoint were joined by Sonae IM and Knollwood Investment Advisory in the last round.

**Continuum Security** is a Spanish based company with an application security platform to address vulnerabilities early in the development process. In order to realise their international growth plans, the company has raised an investment round of €1.5million euros, which was led by Swaanlaab Venture Factory and joined by JME Venture Capital and Sonae IM.

## Financial indicators

TECHNOLOGY AREA	4Q16	4Q17	Δ17/16	3Q17	q.o.q.	2016	2017	Δ17/16
<b>Turnover</b>	<b>28.8</b>	<b>31.2</b>	<b>8.5%</b>	<b>25.3</b>	<b>23.3%</b>	<b>116.7</b>	<b>125.9</b>	<b>7.9%</b>
Service Revenues	22.1	21.9	-0.9%	18.9	16.1%	84.7	81.9	-3.3%
Sales	6.6	9.3	39.7%	6.4	44.4%	32.0	44.0	37.7%
Other Revenues	0.4	0.7	61.8%	0.5	25.9%	1.0	1.8	81.2%
<b>Operating Costs</b>	<b>27.7</b>	<b>29.7</b>	<b>7.6%</b>	<b>25.8</b>	<b>15.5%</b>	<b>113.0</b>	<b>123.1</b>	<b>8.9%</b>
Personnel Costs	10.8	12.1	11.7%	11.8	2.2%	41.6	47.4	13.9%
Commercial Costs <sup>(1)</sup>	6.7	9.3	37.9%	6.6	41.7%	32.4	44.5	37.4%
Other Operating Costs <sup>(2)</sup>	10.1	8.3	-17.2%	7.3	13.6%	39.1	31.2	-20.1%
<b>EBITDA</b>	<b>1.5</b>	<b>2.1</b>	<b>39.0%</b>	<b>0.1</b>	<b>-</b>	<b>4.7</b>	<b>4.7</b>	<b>0.1%</b>
EBITDA Margin (%)	5.3%	6.8%	1.5pp	0.3%	6.5pp	4.0%	3.7%	-0.3pp
Operating CAPEX <sup>(3)</sup>	2.1	1.6	-21.8%	1.8	-9.1%	9.7	7.3	-24.4%
Operating CAPEX as % of Turnover	7.3%	5.3%	-2.0pp	7.1%	-1.9pp	8.3%	5.8%	-2.5pp
EBITDA - Operating CAPEX	-0.6	0.5	-	-1.7	-	-5.0	-2.6	47.2%
<b>Total CAPEX</b>	<b>34.4</b>	<b>10.7</b>	<b>-69.0%</b>	<b>3.2</b>	<b>-</b>	<b>44.6</b>	<b>19.4</b>	<b>-56.5%</b>

(1) Commercial Costs = COGS + Mktg & Sales; (2) Other Operating Costs = Outsourcing Services + G&A + Provisions + others;

(3) Operating CAPEX excludes Financial Investments.

### Turnover

Turnover increased 7.9% y.o.y., benefiting from the 4Q17 accelerating growth trend, with an 8.5% growth y.o.y., supported on a very strong performance of the commercial activity.

### Operating costs

Operating costs increased 8.9%, reaching 123.1 million euros, impacted by higher staff costs and higher commercial costs, despite the decline of other operational costs. Staff costs increased 13.9% driven by the growth in the number of employees. Commercial costs increased 37.4% driven by cost of goods sold, aligned with the higher level of sales, and other operating costs decreased 20.1%, mainly explained by lower levels of outsourcing costs.

### EBITDA

EBITDA reached 4.7 million euros, slightly above LY, and reaching a margin of 3.7%.

### EBITDA-operating CAPEX

EBITDA-operating CAPEX stood at negative 2.6 million euros, increasing when compared to 2016, mainly explained by the lower level of Operating CAPEX.

## 2.3 Media

During 2017, Público continued to pursue its digital strategy reinforcing digital competencies and presence in online platforms. Moreover, the company continued to be recognized by SND (Society for News Design), that had already attributed an Award of Excellence, in the 2016 Best of Digital Design competition. During 2017, Público was also awarded by "Prémio 5 Estrelas", in the Social Communication Players category, as one of the preferred brands in Portugal. UNESCO also attributed two Honor Awards in the category of "Human Rights and Integration", alongside with some other recognitions to specific articles.

Throughout 2017, the company continued to implement important initiatives aimed at strengthening Público as the reference Portuguese speaking news organisation: editorial newsletters launch, opinion panel renovation, offline distribution improvement and digital skills reinforcement, while developing three digital media projects funded by Google DNI (Digital News Initiatives) Innovation Funds.

The positive performance of online advertising revenues coupled with online subscriptions having translated into an overall 0.3% revenue growth, when compared to 2016. Total paid circulation grew 6.0% versus 2016. Recurrent EBITDA, despite negative, increased 11.0%, when compared to last year.



## 3. Shareholder Remuneration

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The Board of Sonaecom has approved the distribution proposal of a 3.7 euro cents gross dividend per share, representing a pay-out ratio of 50% of the Consolidated Net Income Group Share and a dividend yield of 1.5%, based on the closing price as at December, 31<sup>st</sup> 2017. This proposal is subject to the final approval of the General Shareholders Meeting.

## 4. Appendix

### Consolidated income statement

CONSOLIDATED INCOME STATEMENT	4Q16	4Q17	Δ17/16	3Q17	q.o.q.	2016	2017	Δ17/16
<b>Turnover</b>	<b>32.4</b>	<b>34.5</b>	<b>6.3%</b>	<b>28.7</b>	<b>20.1%</b>	<b>130.5</b>	<b>139.6</b>	<b>6.9%</b>
Service Revenues	23.8	23.4	-1.7%	20.1	16.1%	90.5	87.5	-3.3%
Sales	8.6	11.1	28.2%	8.5	29.6%	40.0	52.0	30.0%
Other Revenues	0.6	0.9	44.1%	0.8	10.7%	1.5	2.7	76.0%
<b>Operating Costs</b>	<b>32.8</b>	<b>35.2</b>	<b>7.3%</b>	<b>30.3</b>	<b>16.2%</b>	<b>131.2</b>	<b>141.9</b>	<b>8.1%</b>
Personnel Costs	13.7	14.8	7.7%	14.3	2.9%	51.5	57.3	11.1%
Commercial Costs <sup>(1)</sup>	8.0	10.3	28.3%	7.8	32.0%	36.5	48.8	33.7%
Other Operating Costs <sup>(2)</sup>	11.1	10.2	-8.1%	8.2	-24.7%	43.2	35.8	-17.1%
<b>EBITDA</b>	<b>1.4</b>	<b>3.4</b>	<b>142.9%</b>	<b>6.6</b>	<b>-48.7%</b>	<b>17.9</b>	<b>27.3</b>	<b>52.3%</b>
Underlying EBITDA <sup>(3)</sup>	0.2	0.1	-57.5%	-0.8	-	0.8	0.3	-60.7%
Equity method <sup>(4)</sup>	1.2	3.3	177.9%	7.4	-55.8%	17.1	27.0	57.6%
<b>Underlying EBITDA Margin (%)</b>	<b>0.6%</b>	<b>0.3%</b>	<b>-0.4pp</b>	<b>-3.0%</b>	<b>3.2pp</b>	<b>0.6%</b>	<b>0.2%</b>	<b>-0.4pp</b>
Depreciation & Amortization	7.5	2.1	-71.5%	2.4	-10.8%	15.5	9.4	-39.2%
<b>EBIT</b>	<b>-6.1</b>	<b>1.2</b>	<b>-</b>	<b>4.2</b>	<b>-71.4%</b>	<b>2.5</b>	<b>17.8</b>	<b>-</b>
<b>Net Financial Results</b>	<b>-0.1</b>	<b>-0.6</b>	<b>-</b>	<b>-0.2</b>	<b>-152.1%</b>	<b>-5.3</b>	<b>-1.0</b>	<b>80.4%</b>
Financial Income	0.6	1.8	180.5%	0.5	-	14.9	4.6	-68.9%
Financial Expenses	0.7	2.3	-	0.7	-	20.2	5.7	-71.9%
<b>EBT</b>	<b>-6.2</b>	<b>0.6</b>	<b>-</b>	<b>4.0</b>	<b>-83.7%</b>	<b>-2.8</b>	<b>16.8</b>	<b>-</b>
Tax results	19.8	-2.7	-	0.2	-	22.2	-0.8	-
<b>Direct Results</b>	<b>13.7</b>	<b>-2.1</b>	<b>-</b>	<b>4.2</b>	<b>-</b>	<b>19.3</b>	<b>16.0</b>	<b>-16.9%</b>
<b>Indirect Results<sup>(5)</sup></b>	<b>28.5</b>	<b>(0.0)</b>	<b>-</b>	<b>7.1</b>	<b>-</b>	<b>28.5</b>	<b>6.8</b>	<b>-</b>
<b>Net Income</b>	<b>42.1</b>	<b>-2.1</b>	<b>-</b>	<b>11.3</b>	<b>-</b>	<b>47.8</b>	<b>22.9</b>	<b>-52.1%</b>
Group Share	42.1	-2.1	-	11.3	-	48.1	22.8	-52.7%
Attributable to Non-Controlling Interests	0.0	0.1	-	0.0	-	-0.4	0.1	-

<sup>(1)</sup> Commercial Costs = COGS + Mktg & Sales Costs <sup>(2)</sup> Other Operating Costs = Outsourcing Services + G&A + Provisions + others;

<sup>(3)</sup> Includes the businesses fully consolidated by Sonaecom;

<sup>(4)</sup> Includes the 50% holding in Unipress, the 50% holding in SIRS, the 50% holding in BigData and the 50% holding in ZOPT;

<sup>(5)</sup> Includes equity method adjustments related with AVP funds.

## Consolidated balance sheet

CONSOLIDATED BALANCE SHEET	4Q16	4Q17	Δ17/16	3Q17	q.o.q.	2016	2017	Δ17/16
<b>Total Net Assets</b>	<b>1 104.5</b>	<b>1 105.6</b>	<b>0.1%</b>	<b>1 098.4</b>	<b>0.7%</b>	<b>1 104.5</b>	<b>1 105.6</b>	<b>0.1%</b>
Non Current Assets	812.8	839.9	3.3%	829.8	1.2%	812.8	839.9	3.3%
Tangible and Intangible Assets	301	28.2	-6.2%	28.4	-0.7%	30.1	28.2	-6.2%
Goodwill	23.7	23.4	-1.4%	23.4	-0.1%	23.7	23.4	-1.4%
Investments	746.6	777.9	4.2%	766.4	1.5%	746.6	777.9	4.2%
Deferred Tax Assets	9.3	7.3	-21.4%	8.5	-14.2%	9.3	7.3	-21.4%
Others	3.1	3.2	0.9%	3.0	3.8%	3.1	3.2	0.9%
Current Assets	291.7	265.7	-8.9%	268.6	-1.1%	291.7	265.7	-8.9%
Trade Debtors	47.1	47.2	0.1%	37.6	25.5%	47.1	47.2	0.1%
Liquidity	210.3	202.0	-3.9%	190.3	6.1%	210.3	202.0	-3.9%
Others	34.3	16.5	-51.9%	40.7	-59.5%	34.3	16.5	-51.9%
<b>Shareholders' Funds</b>	<b>1 033.1</b>	<b>1 031.9</b>	<b>-0.1%</b>	<b>1 032.7</b>	<b>-0.1%</b>	<b>1 033.1</b>	<b>1 031.9</b>	<b>-0.1%</b>
Group Share	1 033.3	1 030.3	-0.3%	1 032.8	-0.2%	1 033.3	1 030.3	-0.3%
Non-Controlling Interests	-0.2	1.6	-	-0.2	-	-0.2	1.6	-
<b>Total Liabilities</b>	<b>71.3</b>	<b>73.7</b>	<b>3.4%</b>	<b>65.8</b>	<b>12.1%</b>	<b>71.3</b>	<b>73.7</b>	<b>3.4%</b>
Non Current Liabilities	19.7	18.5	-6.2%	19.4	-4.5%	19.7	18.5	-6.2%
Bank Loans	3.8	2.4	-36.4%	3.2	-25.4%	3.8	2.4	-36.4%
Provisions for Other Liabilities and Charges	4.9	3.6	-26.8%	3.6	-1.1%	4.9	3.6	-26.8%
Others	11.1	12.5	13.2%	12.5	-0.2%	11.1	12.5	13.2%
Current Liabilities	51.6	55.2	7.0%	46.4	19.1%	51.6	55.2	7.0%
Loans	1.2	1.2	-3.0%	1.2	-0.6%	1.2	1.2	-3.0%
Trade Creditors	15.6	16.0	2.6%	12.5	27.7%	15.6	16.0	2.6%
Others	34.7	38.0	9.4%	32.6	16.5%	34.7	38.0	9.4%
Operating CAPEX <sup>(1)</sup>	2.4	2.0	-16.1%	2.1	-4.1%	10.5	8.6	-18.9%
Operating CAPEX as % of Turnover	7.3%	5.8%	-1.5pp	7.3%	-1.5pp	8.1%	6.1%	-1.9pp
Total CAPEX	34.7	11.0	-68.2%	3.5	-	45.5	20.6	-54.6%
Underlying EBITDA - Operating CAPEX	-2.2	-1.9	12.1%	-2.9	34.9%	-9.7	-8.2	15.4%
Gross Debt	6.0	4.1	-31.8%	5.1	-18.7%	6.0	4.1	-31.8%
Net Debt	-204.2	-197.9	3.1%	-185.3	-6.8%	-204.2	-197.9	3.1%

(1) Operating CAPEX excludes Financial Investments.

## Consolidated levered FCF

LEVERED FREE CASH FLOW	4Q16	4Q17	Δ17/16	3Q17	q.o.q.	2016	2017	Δ17/16
<b>Underlying EBITDA-Operating CAPEX</b>	<b>-2.2</b>	<b>-1.9</b>	<b>12.1%</b>	<b>-2.9</b>	<b>34.9%</b>	<b>-9.7</b>	<b>-8.2</b>	<b>15.5%</b>
Change in WC	-4.4	23.6	-	-1.4	-	-4.9	22.6	-
Non Cash Items & Other	2.9	1.2	-59.4%	1.0	13.9%	2.1	1.8	-14.4%
<b>Operating Cash Flow</b>	<b>-3.7</b>	<b>22.9</b>	<b>-</b>	<b>-3.3</b>	<b>-</b>	<b>-12.5</b>	<b>16.2</b>	<b>-</b>
Investments	-35.0	-8.7	75.1%	-1.4	-	46.8	-12.1	-
Dividends	0.0	0.0	-	7.5	-100.0%	20.1	16.5	-17.7%
Financial results	0.9	-1.2	-	-0.9	-24.3%	-0.5	-4.0	-
Income taxes	-0.2	-1.5	-	-0.3	-	-0.1	-0.5	-
<b>FCF<sup>(1)</sup></b>	<b>-37.9</b>	<b>11.5</b>	<b>-</b>	<b>1.5</b>	<b>-</b>	<b>53.6</b>	<b>16.1</b>	<b>-69.9%</b>

(1) FCF Levered after Financial Expenses but before Capital Flows and Financing related up-front Costs.

Sonaecom SGPS is listed on the Euronext Stock Exchange. Information is available on Reuters under the symbol SNC.LS and on Bloomberg under the symbol SNC:PL.

## SAFE HARBOUR

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These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in regulation, the telecommunications industry and economic conditions; and the effects of competition. Forward-looking statements may be identified by words such as "believes", "expects", "anticipates", "projects", "intends", "should", "seeks", "estimates", "future" or similar expressions.

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Report available on Sonaecom's corporate website

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