



Consolidated Results 12M16

Privileged Information

February 16, 2017

Highlights:

Turnover: 135.7 M€
(127.2 M€ in 12M15)

EBITDA: 5.9 M€
(12.0 M€ in 12M15)

Net Profit: 9.6 M€
(7.4 M€ in 12M15)

Net Cash: 25.7 M€
(11.3 M€ in 12M15)

Message from the Chairman and CEO Luís Salvado



"The year of 2016 was marked by the sale of the Infrastructures & Managed Services (IMS) business, a crucial step in the repositioning we have been doing to focus and strengthen our internationalization process.

In the new perimeter, the international activity grew by 16%, already accounting for nearly 60% of the total. Operations in Europe expanded 27% and are now 2/3 of our non-domestic activity.

EBITDA decreased by 51%, penalized by an extraordinary cost of 7 M€ registered in a project. Net Results increased 29%, benefiting from the gain on IMS Business disposal. The year was also positive in terms of Cash generation, with an increase of 14 M€.

In line with our shareholder remuneration policy, we'll propose to the next General Meeting of Shareholders the payment of a dividend of 15 cents per share, a 25% growth over last year.

In 2017 we will continue to focus on the differentiation of our offerings, specializing them for the most sophisticated markets, which imply an increased investment in R&D. We will also continue to reduce our exposure to economies with greater volatility and higher pressure of currency depreciation. Thus, we anticipate a Turnover exceeding 140 M€, more than 60% of which generated outside Portugal, and an EBITDA exceeding 10 M€."

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Registered in TRO of Lisbon and Corporate Tax Payer nº 502.280.182 - Share Capital: 15,700,697.00 €
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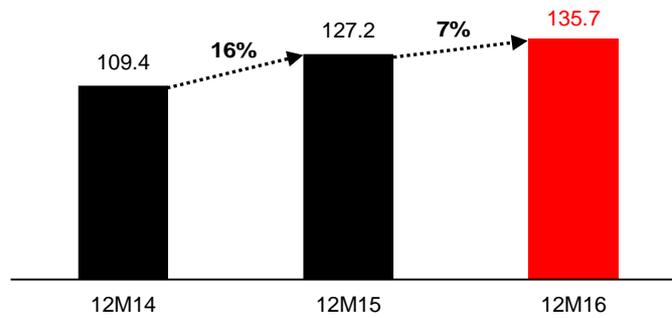


1. Key Indicators Evolution

The Turnover and EBITDA presented do not include the Infrastructures & Managed Services business, discontinued in Q416.

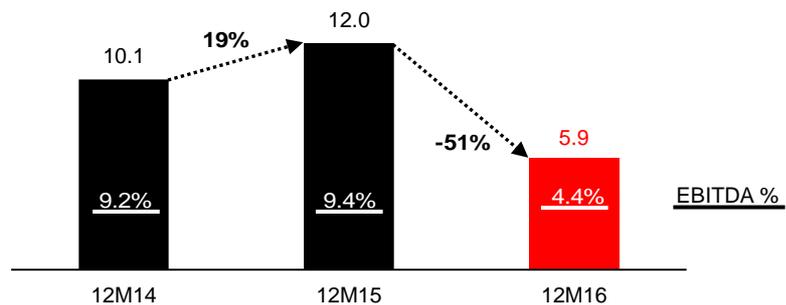
Turnover (M€)

Turnover increases 7% YoY. This business evolution primarily shows the international growth (16%), in line with the strategic focus.



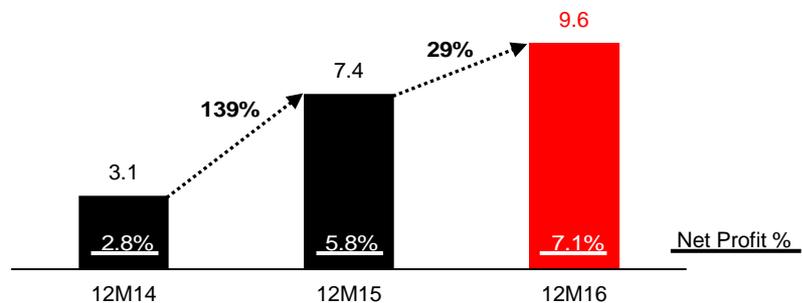
EBITDA (M€)

EBITDA evolution reflects the reinforcement of the international expansion strategy, but mainly the 7 M€ extraordinary cost recorded in a project.



Net Profit (M€)

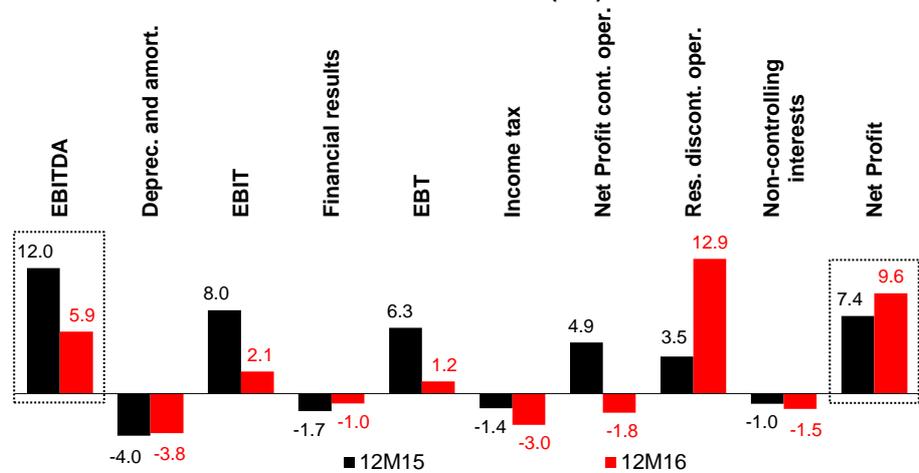
Net profit increased by 29% YoY. To highlight the gain on the disposal of IMS Business in 2016.



Earnings per share (EPS) in 12M16 reached 0.31 euros per share, registering an increase of 29% towards the EPS from the previous year of 0.24 euros per share.



From EBITDA to Net Profit 12M16 Vs 12M15 (M€)



The Financial Results were negative in 1.0 M€, an increase of 0.7 M€, fundamentally based on the re-evaluation of the portfolio of investments in the Venture Capital segment and due to the increase in the short term bank deposits gains compared to the same period of last year.

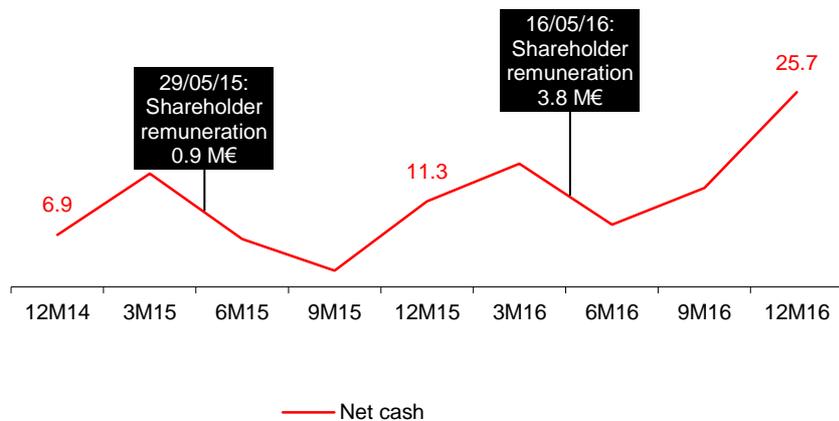
Income tax expense in the 12M16 reached -3.0 M€, above the -1.7 M€ in 12M15, impacted by the revaluation of tax credits related to SIFIDE (research and development tax incentives), due to the change in the perimeter from the sale of IMS Business.

Results from discontinued operations in 12M16 reached a 12.9 M€ profit, compared to 3.5 M€ in 12M15, and correspond to the results attributable to IMS segment. In 2016, this figure includes the gain generated on the sale of the business, amounting to 17.6 M €.

Non-controlling interests in 12M16 amounted to -1.5 M€, which compares to -1.0 M€ in 12M15. This variation is mainly due to the overall positive evolution of the results of international subsidiaries.

Net Cash (M€)

Cash generation of 14.4 M€ in 2016, does not reflect yet the cash inflow from IMS Business disposal.



In the 12M16, Novabase shows a positive evolution in cash generation. Novabase ended the 12M16 with 25.7 M€ in net cash, which compares to 11.3 M€ in the 12M15.



On May 16, 2016, Novabase paid its shareholders a total amount of 3.8 M€ (0.12€/share). Additionally, on May 2016, occurred the payment of 1.2 M€ to Non-controlling interests.

2. Short Summary of the Activity

Novabase sells IMS Business and repositions its portfolio of offerings.

The year 2016 was marked by the sale agreement of Infrastructures & Managed Services business (“IMS Business”) to VINCI Energies Portugal, SGPS, S.A. (“VEP”), concluded in mid-Q416, which was an important step in the repositioning of the businesses that Novabase has been doing in recent years.

Novabase was already focusing its offer on services business areas that generate more value and are less exposed to price competition, and exiting product areas with greater use of cash and lower added value. On the other hand, it has also evolved its international expansion strategy, limiting its exposure to emerging markets and increasing its presence in Europe.

With the IMS Business sale, operation that was substantially completed at the end of 2016, Novabase intends to enhance internationalization with stronger means.

The Infrastructures & Managed Services area, discontinued in Q416 following this agreement, generated the following Turnovers and EBITDA in 2014 and 2015:

IMS	12M14	12M15
Turnover (M€)	111.470	104.415
International Turnover (M€)	40.474	37.002
EBITDA (M€)	4.585	2.918

International business accounts for nearly 60% of the total and Europe consolidates its position as the major market.

Compared to the same period of last year, Turnover increased by 7%, with international business growing to 59% of the total, 2/3 of which was generated in Europe. The EBITDA margin decreased to 4.4%, mainly due to the recognition of an extraordinary cost associated to a project. Net Results reached 9.6 M€, including the gain on sale of the IMS Business.

Novabase opens First Case Management Competency Centre in Portugal.

Highlights include the opening of the first Case Management Competency Centre in Portugal, in the first quarter of 2016. All of the work in Novabase’s Case Management Competency Centre is done using Design Thinking, an innovative methodology that Novabase uses in its projects. This Centre brings to the market a streamlined case management solution, and is aligned with Novabase’s internationalization and differentiation of the offerings strategic options.

Novabase enters US market with the Watson of IBM.

Additionally, Novabase was highlighted in the IBM PartnerWorld Leadership Conference 2016 in Orlando, USA, being the only Portuguese company that has created technology based on IBM’s Watson supercomputer - the most advanced in the world and one of the keys to enter the “cognitive era” with artificial intelligence. This is a milestone in the history of Novabase, because it is a direct entry into the United States with our own solution, and comes to recognize the work done by our Financial Services area.



Novabase GTE Business Solutions' Healthcare Insight solution was in the spotlight at the third edition of Healthcare Excellence 2016, where the ten project finalists were presented, and the best three in terms of improving patient services received distinctions.

Still in regard to distinctions, the Grand Prize of the Portuguese Association for Corporate Communication (APCE) is given for excellence in organizational communication. Novabase was nominated in two categories, with its website and annual report and accounts featured as cornerstones in communication.

Finally, Novabase Business Solutions was the most innovative company in services in Portugal, in a ranking of the 1,000 largest companies, followed by Celfocus. This was determined by a formula incorporating data on R&D expenses vis-à-vis turnover, development projects vis-à-vis gross production and research and development employment vis-à-vis total employment.



New partnerships fall under Novabase's international expansion strategy.

In the Venture Capital area, Collab has been mentioned as Visionary in the "Magic Quadrant for Contact Center Infrastructure 2016" of Gartner, the world's foremost opinion-maker in market analysis and research in the area of technology. Also to mention that Collab won "App Throwdown" at SugarCRM's contest, with "Facebook Bot Messenger" app, which took place in San Francisco, USA.

With regard to new partnerships, to mention that Nubitalk and Microsoft have closed a partnership for Cloud. Collab announced that Nubitalk infrastructure, its cloud-based contact center solution, will now be supported in Microsoft Azure. This partnership will boost Nubitalk's geographic expansion as Azure provides a worldwide network of data centers managed by Microsoft in 26 regions.

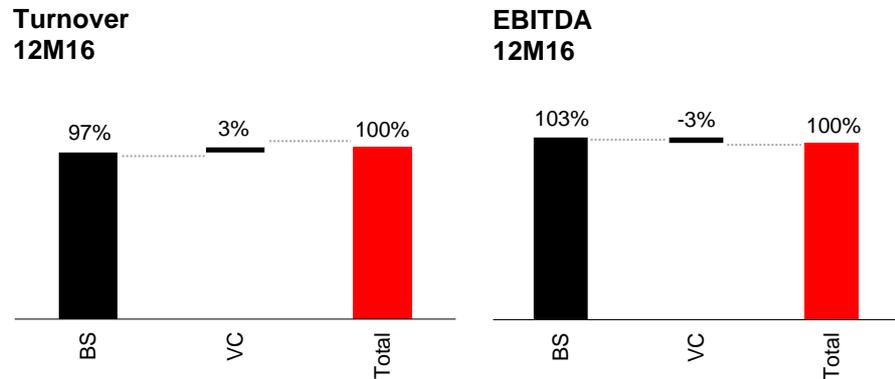
2016 was also a year of investment in innovation and dissemination of Novabase offerings in events with large exposure, namely:

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

- Celfocus was in attendance at Mobile World Congress 2016, the world's biggest mobile technology fair, showcasing the latest novelties of its omni-channel solution for telecommunications operators;
- Novabase was also present with its Rely solution in the RFlx conferences, 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;
- Novabase was present at the Customer Experience Exchange conference for Financial Services, held in Berlin, to exhibit its contextual customer experience platform;
- Novabase was a partner of Web Summit 2016, considered one of the world's most important events in entrepreneurship, technology and innovation, to be held in Lisbon for its next two annual editions.



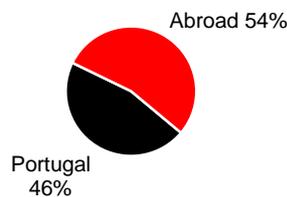
The percentage breakdown of Turnover and EBITDA by the different businesses, in the 12M16, is as follows:



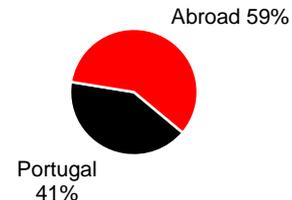
From the total Turnover, 79.4 M€ were generated outside Portugal, which compares to 68.5 M€ registered in 12M15.

This growth confirms the repositioning that Novabase has been operating in recent years to accelerate internationalization, evolving from a geographic leadership with a broad offer to a strategy of leadership through specialized offers to the global market.

Turnover by geography 12M15



Turnover by geography 12M16



Europe was the continent with greater expression in 12M16, rising to 66% of international business.

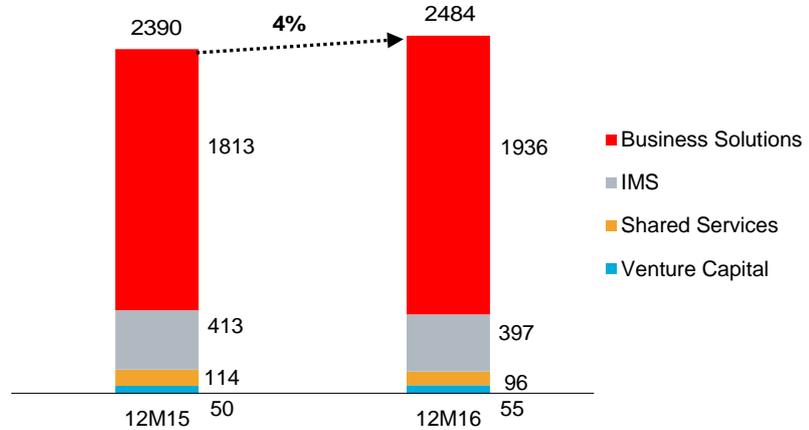
Business outside Portugal generated in the Business Solutions area increased to 59% of the respective Turnover (53% in 12M15) and in the Venture Capital area decreased to 42% (64% in 12M15).

Novabase had on average, in the 12M16, 2484 employees, which represents an increase of 4% compared to the 12M15 (2390), numbers that still include the employees assigned to IMS segment.



Average number of employee's breakdown by business area, during 2016, was as follows:

Average Number of Employees

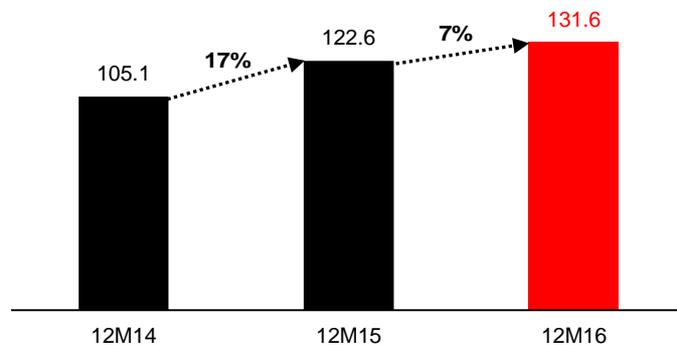


At the end of the year, the total number of employees is 2137, a decrease that mainly reflects the sale of the companies of the IMS Business.

Worthy of note is that international employees represent 11% of the total number in 2016 (231), and the recruitment of 113 new university graduates through Novabase Academy program.

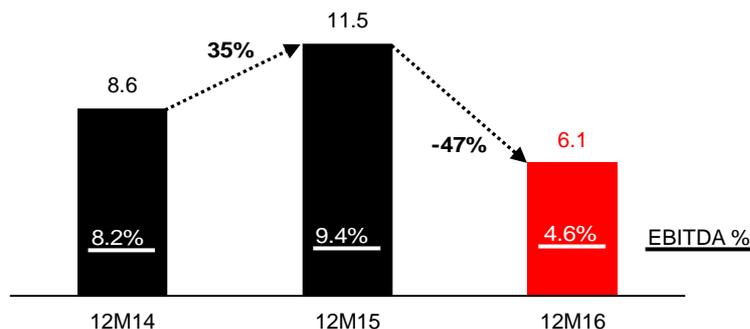
2.1. Business Solutions (BS)

Turnover Business Solutions (M€)



BS evolution reflects the continuation of international growth (+18%) and the pressure in the domestic market.

EBITDA Business Solutions (M€)



EBITDA in 2016 penalized by the extraordinary cost recorded in a project (7 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. (“VINCI Energies”), to sell its Infrastructures & Managed Services business (“IMS Business”), through the sale of the shares representing the whole share capital of Novabase IMS (further to the carve-out of the assets which were not part of the IMS Business), and two other companies to which the IMS Business developed by Novabase Digital TV and by Novabase Serviços would be transferred.

The price agreed was 38.365 million euros, to be paid on the date of completion of the transaction, subject to certain adjustments, as established in the purchase and sale agreement.

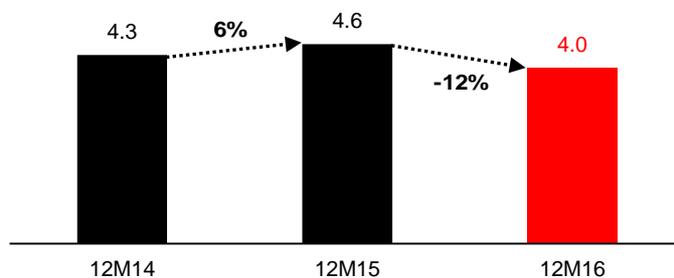
The sale was substantially completed, namely through the approval of the Competition Authority, at the end of 2016, and on January 5, 2017, the estimated final price of 44.037 million euros was paid. The final price is still subject to deductions, resulting from the final calculation of working capital and net debt.

As a result, Novabase recorded, with reference to December 31, 2016, the gain generated by the sale of the IMS Business to VEP, in the amount of 17.6 M€.

It is recalled that IMS business segment accounted for 45% of overall Turnover and 20% of the total EBITDA disclosed by Novabase in 12M15.

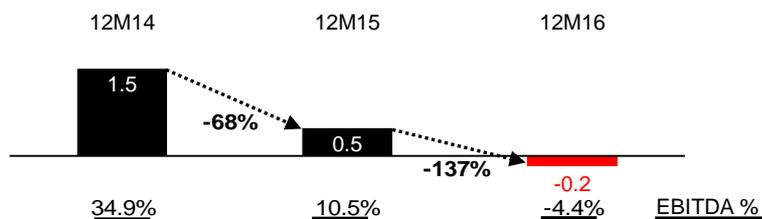
2.3. Venture Capital (VC)

Turnover Venture Capital (M€)



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

EBITDA Venture Capital (M€)





3. Stock Performance

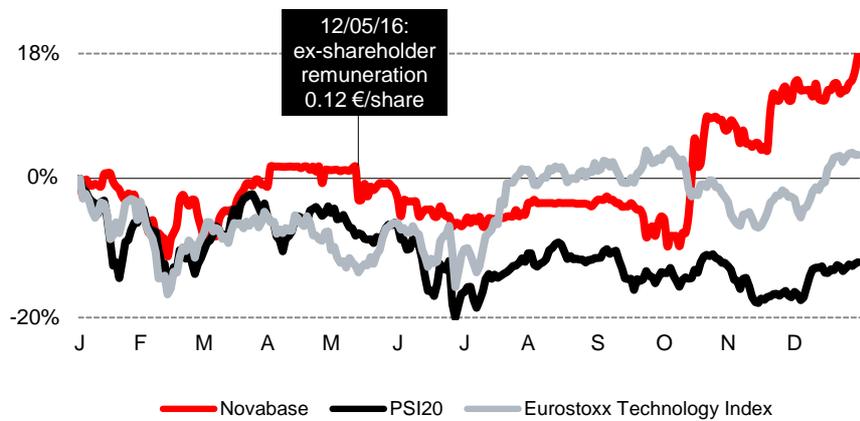
Excluding the shareholder remuneration, the appreciation of Novabase share price would have been 23%.

Novabase share price in 2016 gained 18%, comparing to a 12% loss in the PSI20 Index and a 3% gain in the EuroStoxx Technology Index.

In this period, a dividend of 0.12€/share was distributed.

The Board of Directors will propose to the General Meeting of Shareholders to be held on May 4, the distribution of dividends in the amount of 4.7 M€, corresponding to 0.15€ per share.

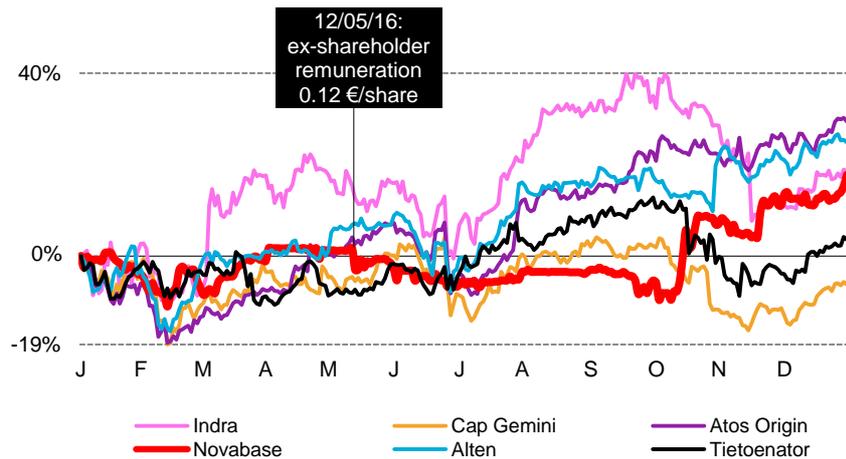
Novabase and the Market



The evolution of Novabase share prices compared to other companies in the IT sector in Europe, in 12M16, was as follows:

Novabase and other TMT

In the end of 2016, Novabase presented a Price to Sales multiple of 0.34x and a Price to Earnings multiple of 11.36x, which represents a discount of 68% and 35%, respectively, compared to the average of other companies in the sector in Europe (source: Reuters, ttm values at 31/12).



23% is the average upside according to the analysts who cover Novabase.

The average price target disclosed by the analysts who cover Novabase is 3.07 euros.



Rotation in 12M16 represented 9% of the capital and 2.8 million shares were traded, approximately half of the values occurred in 12M15 (rotation of 18% of the capital and 5.7 million shares traded).

Summary	2016	2015	2014	2013	2012
Minimum price (€)	1.879	2.070	2.090	2.290	1.660
Maximum price (€)	2.490	2.619	4.100	3.110	2.320
Volume weighted average price (€)	2.145	2.350	3.183	2.790	2.050
Last tradable day price (€)	2.490	2.114	2.214	2.610	2.300
Nr. of shares traded (millions)	2.8	5.7	5.9	8.3	4.9
Market cap. in the last day (M€)	78.2	66.4	69.5	82.0	72.2

4. Outlook 2017

The year of 2016 was crucial for the repositioning that Novabase has been carrying out to strengthen its international expansion.

Thus, international activity grew 16%, and accounts for 59% of the total business, 2/3 of which in Europe. EBITDA decreased to 5.9 M€, penalized by the 7 M€ extraordinary cost recorded in a project. Net Profits reached 9.6 M€, benefiting from the gain on sale of the IMS Business.

Novabase maintains as priorities for 2017 the strengthening of investment in R&D with the aim of specialize its offerings and make them more suitable for the most sophisticated markets. On the other hand, it will maintain the strategy to limit its activity in the most exposed to volatility and foreign exchange difficulties geographies.

In terms of Guidance, it is expected a Turnover of 140 M€, more than 60% of which generated outside Portugal, and an EBITDA exceeding 10 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 12M16 and prior periods, is analysed as follows:

	12M14	12M15	12M16
Cash and cash equivalents	20,714	24,293	35,703
Held-to-maturity investments - Non-current	-	4,554	4,859
Held-to-maturity investments - Current	-	845	4,441
Treasury shares held by the Company (*)	126	25	21
Bank borrowings - Non-current	(8,376)	(14,387)	(13,907)
Bank borrowings - Current	(5,561)	(3,992)	(5,376)
Net Cash	6,903	11,338	25,741

(*) 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:

	12M14	12M15	12M16
Treasury shares held by the Company (thousands)	57.006	11.957	8.615
Closing price on the last tradable day (€)	2.214	2.114	2.490
Treasury shares held by the Company (EUR thousand)	126	25	21

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). In 12M14, the restructuring costs was 1.3 M€, in the same perimeter.

APMs used by Novabase are Net Cash and EBITDA.

**Consolidated Statement of Financial Position
 as at 31 December 2016**

	31.12.16	31.12.15
	(Thousands of Euros)	
ASSETS		
Tangible assets	8,899	9,704
Intangible assets	18,104	29,304
Financial investments	4,928	3,786
Held-to-maturity investments	4,859	4,554
Deferred income tax assets	9,545	16,352
Other non-current assets	5,132	7,478
Total Non-Current Assets	51,467	71,178
Inventories	486	2,824
Trade debtors and accrued income	64,120	109,332
Other debtors and prepaid expenses	48,953	14,001
Derivative financial instruments	19	168
Held-to-maturity investments	4,441	845
Cash and cash equivalents	35,703	24,293
Total Current Assets	153,722	151,463
Assets for continuing operations	205,189	222,641
Assets for discontinued operations	-	-
Total Assets	205,189	222,641
EQUITY		
Share capital	15,701	15,701
Treasury shares	(4)	(6)
Share premium	43,560	43,560
Reserves and retained earnings	16,071	14,792
Net profit	9,577	7,425
Total Shareholders' Equity	84,905	81,472
Non-controlling interests	8,151	8,194
Total Equity	93,056	89,666
LIABILITIES		
Bank borrowings	13,907	14,387
Finance lease liabilities	4,990	5,247
Provisions	9,109	11,497
Other non-current liabilities	-	271
Total Non-Current Liabilities	28,006	31,402
Bank borrowings	5,376	3,992
Finance lease liabilities	1,540	1,576
Trade payables	7,242	17,038
Other creditors and accruals	40,178	41,186
Derivative financial instruments	82	160
Deferred income	27,709	37,621
Total Current Liabilities	82,127	101,573
Total Liabilities for cont. operations	110,133	132,975
Total Liabilities for discount. operations	2,000	-
Total Liabilities	112,133	132,975
Total Equity and Liabilities	205,189	222,641
Net Cash	25,741	11,338

**Consolidated Income Statement
 for the year ended 31 December 2016**

	31.12.16	31.12.15	Var. %
	(Thousands of Euros)		
CONTINUING OPERATIONS			
Sale of goods	101	555	
Cost of goods sold	(25)	(236)	
Gross margin	76	319	-76.2 %
<i>Other income</i>			
Services rendered	135,553	126,622	
Supplementary income and subsidies	410	496	
Other operating income	1,362	1,449	
	137,325	128,567	
	137,401	128,886	
<i>Other expenses</i>			
External supplies and services	(46,563)	(40,886)	
Employee benefit expense	(79,050)	(72,950)	
Provisions	(4,971)	(1,902)	
Other operating expenses	(912)	(1,150)	
	(131,496)	(116,888)	
Gross Net Profit (EBITDA)	5,905	11,998	-50.8 %
Restructuring costs	-	-	
Operating Gross Net Profit	5,905	11,998	-50.8 %
Depreciation and amortization	(3,785)	(4,029)	
Operating Profit (EBIT)	2,120	7,969	-73.4 %
Financial results	(951)	(1,687)	
Net Profit before taxes (EBT)	1,169	6,282	-81.4 %
Income tax expense	(3,002)	(1,411)	
Net Profit from continuing operations	(1,833)	4,871	-137.6 %
DISCONTINUED OPERATIONS			
Net Profit from discount. operations	12,881	3,535	264.4 %
Non-controlling interests	(1,471)	(981)	
Attributable Net Profit	9,577	7,425	29.0 %
Other information:			
Turnover	135,654	127,177	6.7 %
Gross margin from sales %	75.2 %	57.5 %	
EBITDA margin	4.4 %	9.4 %	
EBT % on Turnover	0.9 %	4.9 %	
Net profit % on Turnover	7.1 %	5.8 %	



Consolidated Income Statement by SEGMENTS for the year ended 31 December 2016

(Thousands of Euros)

	Business Solutions	IMS	Venture Capital	NOVABASE
CONTINUING OPERATIONS				
Sale of goods	101	-	-	101
Cost of goods sold	(25)	-	-	(25)
Gross margin	76	-	-	76
Other income				
Services rendered	131,528	-	4,025	135,553
Supplementary income and subsidies	410	-	-	410
Other operating income	1,225	-	137	1,362
	133,163	-	4,162	137,325
	133,239	-	4,162	137,401
Other expenses				
External supplies and services	(44,538)	-	(2,025)	(46,563)
Employee benefit expense	(76,802)	-	(2,248)	(79,050)
(Provisions) / Provisions reversal	(4,941)	-	(30)	(4,971)
Other operating expenses	(874)	-	(38)	(912)
	(127,155)	-	(4,341)	(131,496)
Gross Net Profit (EBITDA)	6,084	-	(179)	5,905
Depreciation and amortization	(3,173)	-	(612)	(3,785)
Operating Profit (EBIT)	2,911	-	(791)	2,120
Financial results	(1,040)	-	89	(951)
Net Profit / (Loss) before Taxes (EBT)	1,871	-	(702)	1,169
Income tax expense	(1,923)	-	(1,079)	(3,002)
Net Profit / (Loss) from cont. operations	(52)	-	(1,781)	(1,833)
DISCONTINUED OPERATIONS				
Net Profit from discontinued operations	-	12,881	-	12,881
Non-controlling interests	(2,791)	1,015	305	(1,471)
Attributable Net Profit / (Loss)	(2,843)	13,896	(1,476)	9,577
Other information :				
Turnover	131,629	-	4,025	135,654
EBITDA	6,084	-	(179)	5,905
EBITDA % on Turnover	4.6%	-	-4.4%	4.4%
EBT % on Turnover	1.4%	-	-17.4%	0.9%