

Consolidated Results 6M14

Privileged Information

July 30, 2014

Highlights:

Turnover: 105.9 M€

(113.7 M€ in 6M13)

EBITDA: 6.4 M€

(8.1 M€ in 6M13)

Net Profit: 1.9 M€

(3.6 M€ in 6M13)

Net Cash: 4.9 M€

(20.3 M€ in 12M13)

Message from the CEO - Luís Paulo Salvado

"The results of the first half reflect the very challenging conditions in the domestic market and are aligned with our strategic priorities. Services represent over 2/3 of the total business and the international business accounts for 36%. Excluding the Digital TV/SIP business, sold in 2013, international growth exceeded 38%, which we classify as highly positive.

However, the domestic business experienced a contraction of 12% and has maintained a high pressure on the margins with significant impact on EBITDA and Net Profit, -21% and -45%, respectively. The cash position declined by 15 M€, mainly due to investment in working capital and shareholder remuneration.

Novabase's share price has appreciated 37% in the first half, clearly above the indexes we follow as a reference, PSI 20 and Eurostoxx Technology.

For the second half we do not anticipate significant changes in the market. We foresee that the current domestic context will remain adverse - which is proving tougher than we had anticipated earlier in the year. In the international business, we are confident in achieving our commercial pipeline, reaffirming that this is our first priority. The annual guidance appears now more challenging, although at this time there is no significant elements to revise it."

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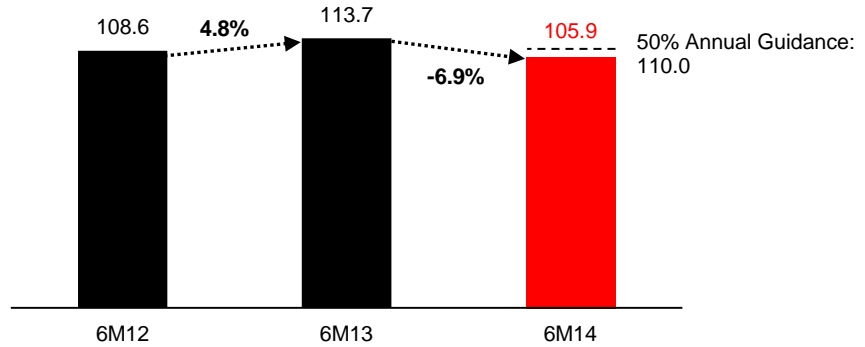
Novabase SGPS, S.A.
Public Company - Euronext code: NBA.AM
Registered in TRO of Lisbon and Corporate Tax Payer nº 502.280.182 - Share Capital: 15,700,697.00 €
Head Office: Av. D. João II, Lote 1.03.2.3., 1998-031 Lisbon - PORTUGAL



1. Key Indicators Evolution

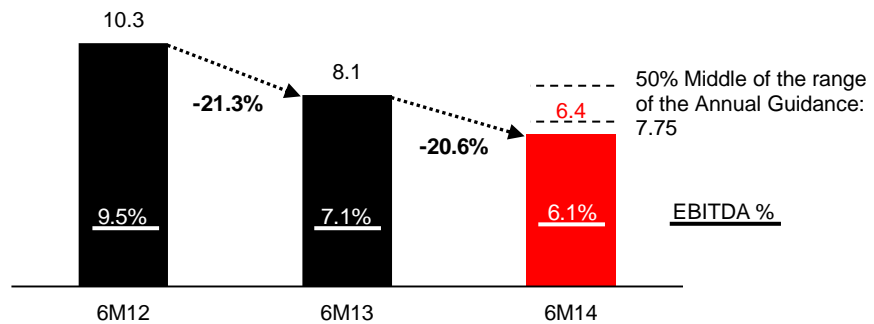
Turnover (M€)

Turnover below the annual Guidance linearized of 220 M€ (-3.7%), due to the contraction of business in Portugal, despite the international growth. Removing the effect of the sale of the DTV/SIP business, Turnover increased by 1% YoY.



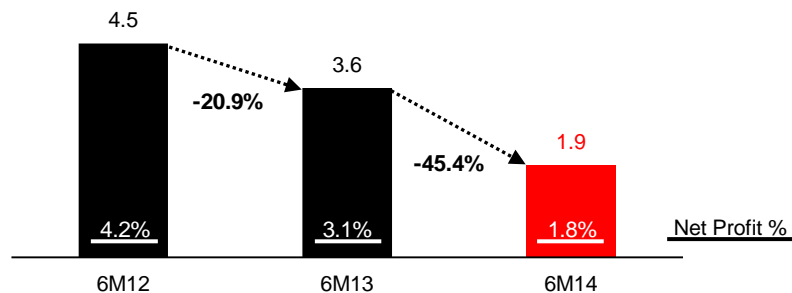
EBITDA (M€)

EBITDA below the range of the annual Guidance linearized of 14-17 M€ and 6.4%-7.7% of margin: -17.3% below the middle of the range (-0.9 points %).



Net Profit (M€)

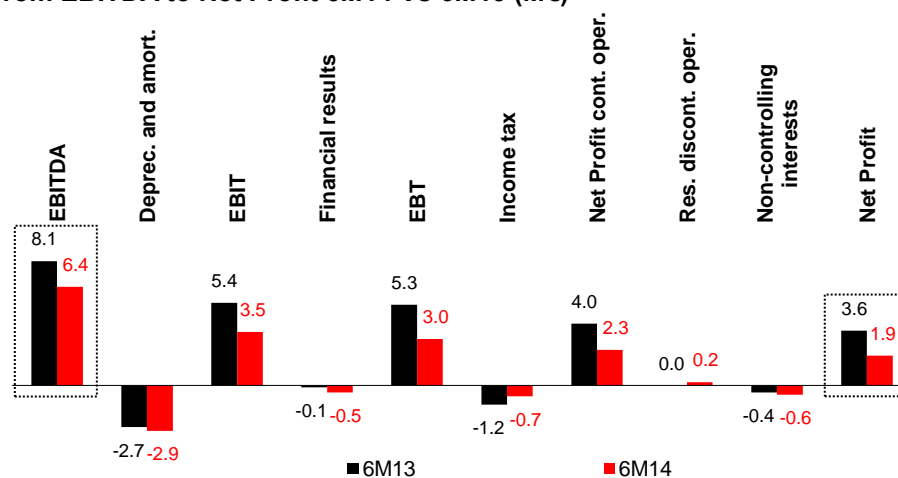
Evolution of profitability penalized by the degradation of margins in the domestic market and by the reinforcement of the international expansion strategy.



Earnings per share (EPS) in 6M14 reached 0.06 euros per share, registering a decrease of 45.9% towards the EPS from the previous year of 0.12 euros per share.



From EBITDA to Net Profit 6M14 Vs 6M13 (M€)

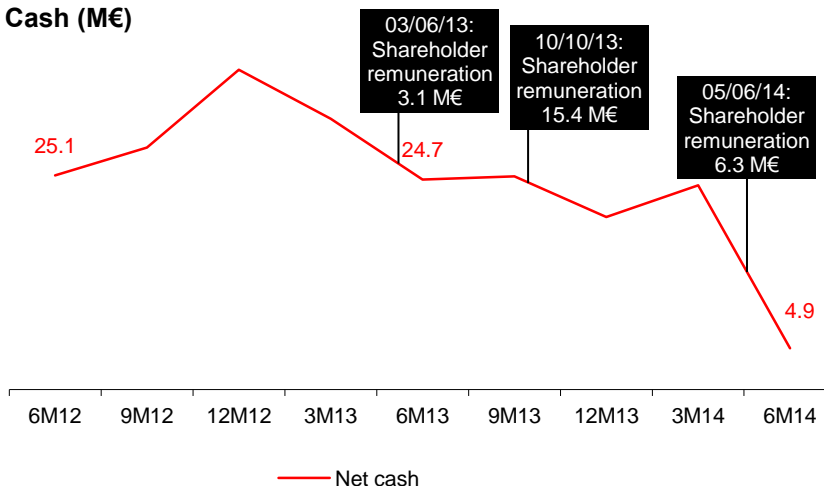


The Financial Results reached a net negative value of 0.5 M€, a decrease of 0.4 M€, fundamentally based on the decline in the short term bank deposits gains compared to the same period of last year.

Results from discontinued operations in 6M14 reached a 0.2 M€ profit. This figure reflects the completion of the closure process of the 'Mobility Solutions' area, discontinued during 2008, with a value lower than the one provisioned.

Non-controlling interests in 6M14 amounted to -0.6 M€, which compares to -0.4 M€ in 6M13. This variation is mainly due to the positive evolution of the results of subsidiaries focused on international expansion.

Net Cash (M€)



Cash use of 15.4 M€ in the first half of 2014, includes the payment of dividends and a significant investment in working capital.

In the 6M14, Novabase shows a negative evolution in cash generation. Novabase ended the 6M14 with 4.9 M€ in net cash, which compares to 20.3 M€ in the 12M13.

On June 5, 2014, Novabase paid its shareholders a total amount of 6.3 M€ (0.20€/share).



2. Short Summary of the Activity

The first half of 2014 was marked by a significant increase of the international business considering the same perimeter, however, we also observed a relevant contraction of business in Portugal.

Overall, compared to the same period of last year, the Turnover decreased by 6.9%, due to the sale of the Digital TV/SIP area. Removing this effect, the international business grew 38.3%, and now accounts for 36.3% of the total business, in line with the annual goal of 35%. In the six months of 2014, the weight of services increased to 67.3%. EBITDA registered a decrease of 20.6%, due to the strong pressure on prices in the domestic market and the costs associated to the reinforcement of the international expansion strategy.

The results of the six months of 2014, are below the Turnover Guidance (-3.7%), and below the range of the EBITDA Guidance (-17.3% in value and -0.9 percentage points, comparing to the middle of the range).

Following the transaction of sale of non-strategic assets of Digital TV/SIP, in the end of 2013, the table below shows the Turnover and EBITDA generated by this business in 6M12 and 6M13, which are included in the Venture Capital area:

Digital TV/SIP business	6M12	6M13
Turnover (M€)	7.028	8.999
EBITDA (M€)	-0.962	-0.523

This new infrastructure will keep pace with Novabase Angola's recent growth, and is in line with the company's international expansion strategy.

Highlights include the opening of the new logistics centre of Novabase Angola, in Talatona, in the first quarter of 2014, to support local operations more efficiently and on a larger scale.

In the second quarter of 2014, the subsidiary of Novabase, Celfocus, opened a new Delivery and R&D (research and development) centre in the UPTEC science and technology park's at Oporto University. This unit reflects the continued strategic investment of Novabase in R&D for the specialization of its offerings.

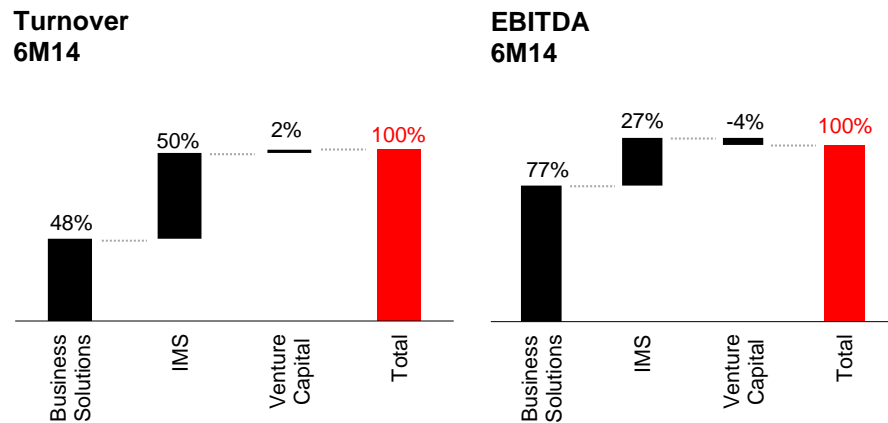
These investments reflect the strengthening of Novabase's strategic commitment to innovative technology-based SMEs, with complementary offerings.

In the Venture Capital area, the Venture Capital Fund Novabase Capital Inovação e Internacionalização invested in the companies Wizdee, a company specializing in the development of Business Intelligence self-service solutions through natural language, and City Pulse, a company with differentiated expertise in the areas of mobility and smart-cities.



Also worthy of note, is the distinction of Novabase IMS which was given the “Growth” award in the Enterprise Group category, during the annual gala HP Partners Awards 2014. This award highlights Novabase IMS for being the partner who grew the most in the business areas of Systems, Storage, Networking and Services. Additionally, is the distinction of Collab by the Portuguese Association of Contact Centers (APCC), in the Gold category, for four out of five awards: ACD Technologies, Call Recorder Technologies, CTI + IVR + Dialler Technologies and the Global Customer Satisfaction Technologies Award.

The percentage breakdown of Turnover and EBITDA by the different businesses, in the 6M14, is as follows:



Rise in services, in line with Novabase strategic orientation to increase the added value of its offers.

Of the overall Turnover generated in 6M14, the services rendered represent 67.3%, which compares to 60.2% in 6M13.

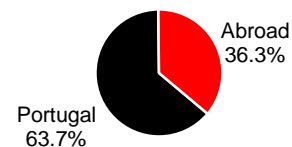
Of the 105.9 M€ Turnover, 36.3% is generated outside Portugal, that is 38.4 M€, which compares to the 36.7 M€ registered in 6M13.

However, it is to be noted that in 6M13 the Digital TV/SIP business was still being consolidated, which contributed with 9.1 M€, that is 24.7% of total Turnover generated outside of Portugal.

Turnover by geography 6M13



Turnover by geography 6M14



International Turnover increased by 38.3%, removing the effect of the sale of the Digital TV/SIP business.

Business outside Portugal generated in the Business Solutions area increased to 38.1% of the respective invoicing (32.3% in 6M13). In the IMS business area, the international business in 6M14 increased to 33.8% (19.0% in 6M13) and in the Venture Capital area decreased to 55.4% (96.4% in 6M13 but 74.7% in 6M13 without Digital TV/SIP business).

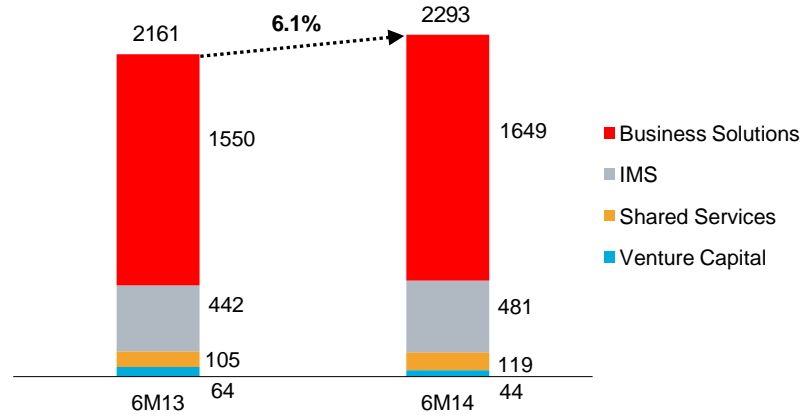


Novabase had on average, in the 6M14, 2293 employees, which represents an increase of 6.1% compared to the 6M13 (2161).

Employee breakdown by business area, in 6M14, is as follows:

Average Number of Employees

Average number of employees' evolution includes the talent renovation by the recruitment of 148 university graduates through Novabase Academy program.



Average Number of Employees by geography 6M13

Removing the effect of the sale of the Digital TV/SIP subsidiaries, the international team grew 21.9%, in line with the focus of Novabase on markets outside Portugal.

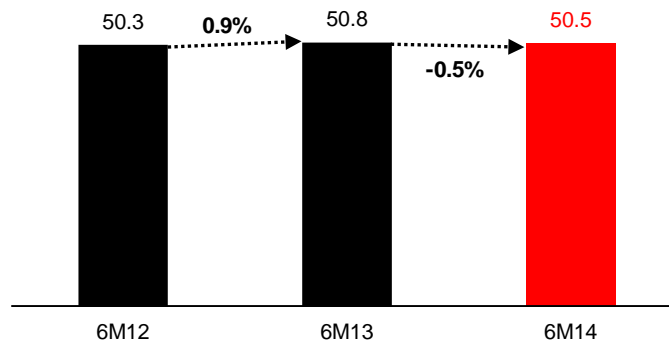


Average Number of Employees by geography 6M14



2.1. Business Solutions

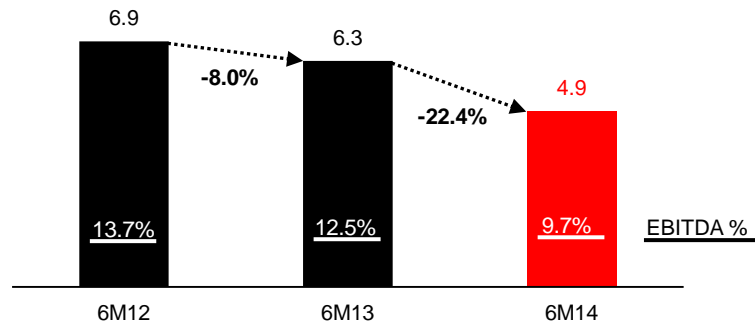
Turnover Business Solutions (M€)





EBITDA Business Solutions (M€)

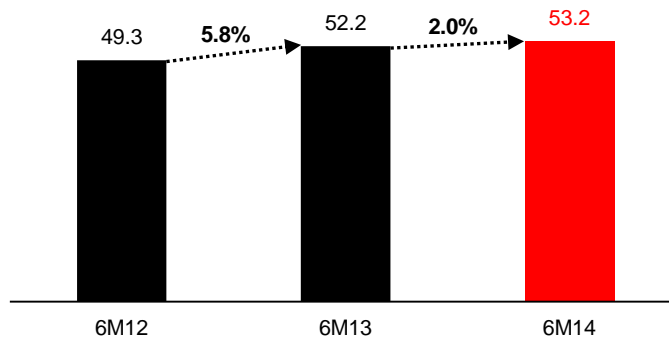
Despite the growth of the international component (+17.6%), BS evolution reflects the strong pressure on prices in the domestic market and the costs associated to the intensification of the international expansion strategy.



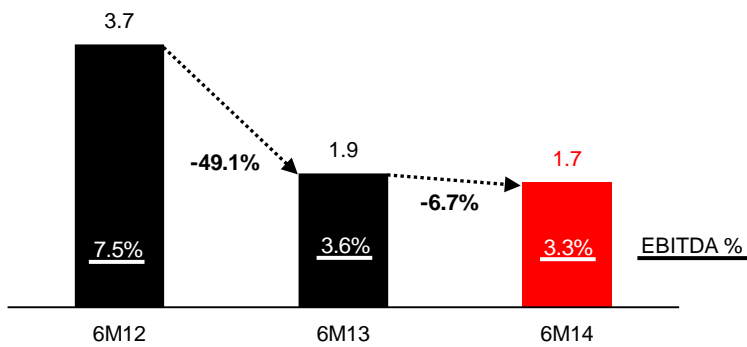
2.2. Infrastructures & Managed Services

Turnover IMS (M€)

IMS evolution is due to the significant international growth (+80.9%), which partially offset the difficulties experienced in the domestic market. However, this area should be analysed for longer time periods.



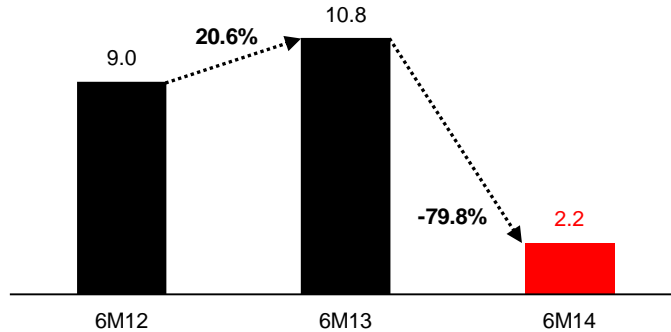
EBITDA IMS (M€)





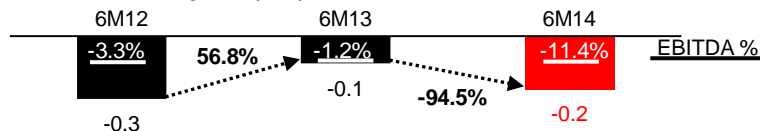
2.3. Venture Capital

Turnover Venture Capital (M€)



VC performance typical of the development stage of the investments of the Funds. The YoY evolution primarily reflects the exit of the Digital TV/SIP business.

EBITDA Venture Capital (M€)



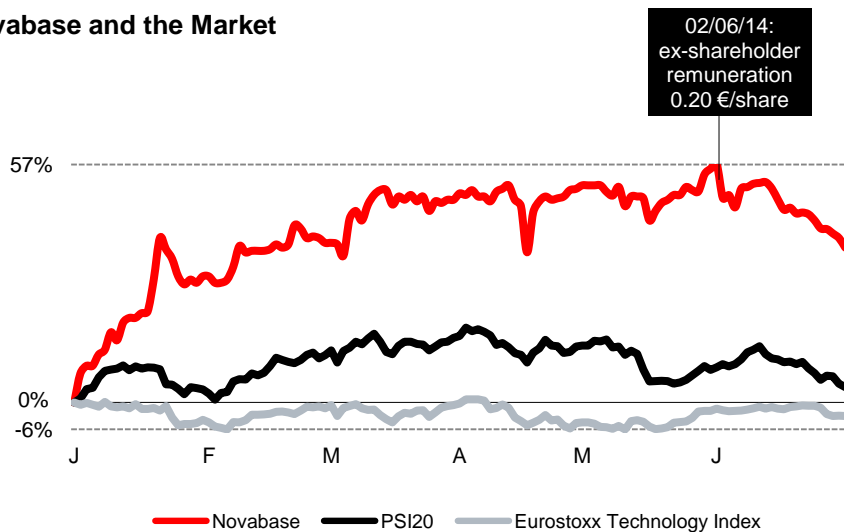
3. Stock Performance

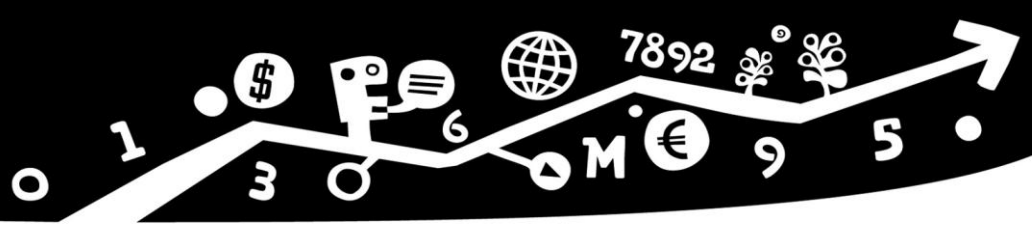
Excluding the shareholder remuneration, the appreciation of Novabase share price would have been 44.8%.

Novabase share price in 6M14 gained 37.2%, comparing to a 3.7% gain in the PSI20 Index and a 3.2% loss in the EuroStoxx Technology Index.

In this period, a dividend of 0.20€/share was distributed.

Novabase and the Market



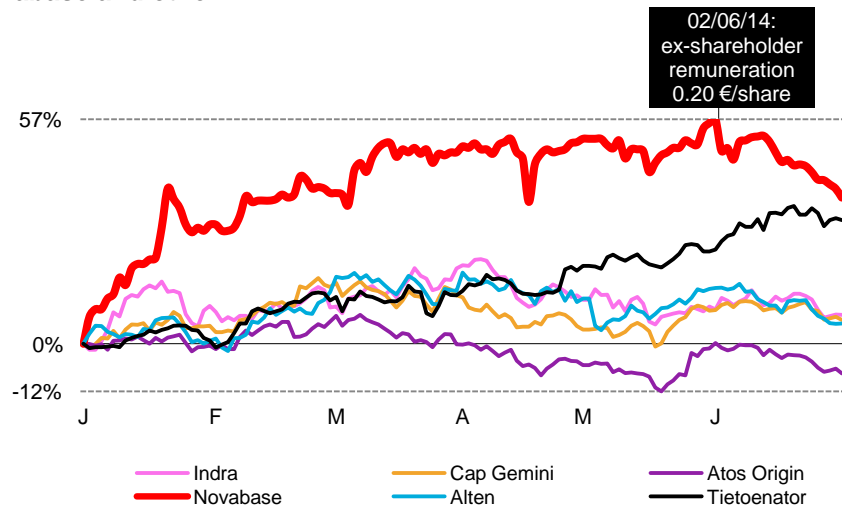


The evolution of Novabase share prices compared to other companies in the IT sector in Europe, in 6M14, was as follows:

Novabase and other TMT

In the end of the second quarter of 2014, Novabase presented a Price to Sales multiple of 0.53x and a Price to Earnings multiple of 16.23x, which represents a discount of 38% and 20%, respectively, compared to the average of other companies in the sector in Europe (source: Reuters, ttm values at 30/6).

Average upside of 18.2%, according to the analysts who cover Novabase.



The average price target disclosed by the analysts who cover Novabase is 4.23 euros.

Rotation in 6M14 represented 10.1% of the capital and 3.2 million shares were traded, below the values in 6M13 (rotation of 13.0% of the capital and 4.1 million shares traded).

Summary	2Q14	1Q14	4Q13	3Q13	2Q13
Minimum price (€)	3.55	2.79	2.61	2.31	2.35
Maximum price (€)	4.10	3.94	3.11	3.08	2.90
Volume weighted average price (€)	3.89	3.45	2.87	2.74	2.67
Closing price at the end of the Quarter (€)	3.58	3.92	2.61	3.08	2.49
Nr. of shares traded	1,283,056	1,898,155	2,314,482	1,929,789	1,864,279
Market cap in the last day (M€)	112.4	123.1	82.0	96.7	78.2

4. Outlook 2014

The results of the first half of 2014 are in line with the management priorities set for the year. Thus, the international business accounts for 36.3% of the total business, and the weight of services grew to 67.3%. Turnover declined by 6.9%, affected by the exit of the Digital TV/SIP business. EBITDA decreased by 20.6%, year on year, primarily due to the strong pressure on prices in the domestic market and the costs associated to the reinforcement of the international expansion strategy.

For the second half we anticipate that the domestic context remains adverse, reaffirming as strategic focus the intensification of the international expansion. In light of the degradation of the business indicators, the annual guidance appears now more challenging, although at this time there is no significant elements to revise it.

**Consolidated Statement of Financial Position
as at 30 June 2014**

	30.06.14	31.12.13
	(Thousands of Euros)	
Assets		
Tangible assets	5,912	6,120
Intangible assets	30,795	32,095
Financial investments	2,380	2,217
Deferred income tax assets	15,242	14,901
Other non-current assets	6,278	4,868
Total Non-Current Assets	60,607	60,201
Inventories	3,593	8,925
Trade debtors and accrued income	88,669	85,296
Other debtors and prepaid expenses	17,753	21,806
Derivative financial instruments	107	514
Financial assets held for trading	-	5,015
Cash and cash equivalents	20,911	32,942
Total Current Assets	131,033	154,498
Assets for continuing operations	191,640	214,699
Assets for discontinued operations	-	-
Total Assets	191,640	214,699
Shareholders' Equity		
Share capital	15,701	15,701
Treasury shares	(29)	(295)
Share premium	43,560	43,560
Reserves and retained earnings	24,627	23,756
Net profit	1,949	7,510
Total Shareholders' Equity	85,808	90,232
Non-controlling interests	10,749	11,522
Total Equity	96,557	101,754
Liabilities		
Bank borrowings	10,677	13,024
Finance lease liabilities	1,038	1,007
Provisions	1,937	4,386
Deferred income tax liabilities	-	100
Other non-current liabilities	70	70
Total Non-Current Liabilities	13,722	18,587
Bank borrowings	5,583	6,202
Trade payables	18,983	22,268
Other creditors and accruals	33,503	40,736
Derivative financial instruments	60	77
Deferred income	23,131	24,755
Total Current Liabilities	81,260	94,038
Total Liabilities for cont. operations	94,982	112,625
Total Liabilities for discount. operations	101	320
Total Liabilities	95,083	112,945
Total Equity and Liabilities	191,640	214,699
Net Cash	4,855	20,271

**Consolidated Income Statement
for the period of 6 months ended 30 June 2014**

	30.06.14	30.06.13	Var. %
	(Thousands of Euros)		
CONTINUING OPERATIONS			
Sale of goods	34,598	45,244	
Cost of goods sold	(30,568)	(40,105)	
Gross margin	4,030	5,139	-21.6 %
<i>Other income</i>			
Services rendered	71,311	68,505	
Supplementary income and subsidies	119	107	
Other operating income	944	714	
	72,374	69,326	
	76,404	74,465	
<i>Other expenses</i>			
External supplies and services	(26,976)	(27,291)	
Employee benefit expense	(44,178)	(40,079)	
Provisions reversal	2,470	1,426	
Other operating expenses	(1,307)	(444)	
	(69,991)	(66,388)	
Gross Net Profit (EBITDA)	6,413	8,077	-20.6 %
Depreciation and amortization	(2,937)	(2,701)	
Operating Profit (EBIT)	3,476	5,376	-35.3 %
Financial results	(460)	(126)	
Net Profit before taxes (EBT)	3,016	5,250	-42.6 %
Income tax expense	(697)	(1,232)	
Net Profit from continuing operations	2,319	4,018	-42.3 %
DISCONTINUED OPERATIONS			
Net Profit from discount. operations	219	-	
Non-controlling interests	(589)	(447)	
Attributable Net Profit	1,949	3,571	-45.4 %
Other information:			
Turnover	105,909	113,749	-6.9 %
Gross margin from sales %	11.6 %	11.4 %	
EBITDA margin	6.1 %	7.1 %	
EBT % on Turnover	2.8 %	4.6 %	
Net profit % on Turnover	1.8 %	3.1 %	

**Consolidated Income Statement by SEGMENTS
for the period of 6 months ended 30 June 2014**

(Thousands of Euros)

	Business Solutions	IMS	Venture Capital	Discontin. Operations	NOVABASE
CONTINUING OPERATIONS					
Sale of goods	178	34,101	319	-	34,598
Cost of goods sold	(176)	(30,136)	(256)	-	(30,568)
Gross margin	2	3,965	63	-	4,030
Other income					
Services rendered	50,365	19,080	1,866	-	71,311
Supplementary income and subsidies	72	47	-	-	119
Other operating income	617	21	306	-	944
	51,054	19,148	2,172	-	72,374
	51,056	23,113	2,235	-	76,404
Other expenses					
External supplies and services	(14,183)	(11,697)	(1,096)	-	(26,976)
Employee benefit expense	(32,733)	(10,321)	(1,124)	-	(44,178)
Provisions reversal	1,022	893	555	-	2,470
Other operating expenses	(248)	(240)	(819)	-	(1,307)
	(46,142)	(21,365)	(2,484)	-	(69,991)
Gross Net Profit (EBITDA)	4,914	1,748	(249)	-	6,413
Depreciation and amortization	(2,123)	(671)	(143)	-	(2,937)
Operating Profit (EBIT)	2,791	1,077	(392)	-	3,476
Financial results	(514)	34	20	-	(460)
Net Profit / (Loss) before Taxes (EBT)	2,277	1,111	(372)	-	3,016
Income tax expense	138	(944)	109	-	(697)
Net Profit / (Loss) from cont. operations	2,415	167	(263)	-	2,319
DISCONTINUED OPERATIONS					
Net Profit from discontinued operations	-	-	-	219	219
Non-controlling interests	(332)	(228)	(29)	-	(589)
Attributable Net Profit / (Loss)	2,083	(61)	(292)	219	1,949
Other information :					
Turnover	50,543	53,181	2,185	-	105,909
EBITDA	4,914	1,748	(249)	-	6,413
EBITDA % on Turnover	9.7%	3.3%	-11.4%	-	6.1%
EBT % on Turnover	4.5%	2.1%	-17.0%	-	2.8%