



## Consolidated Results 9M14

### Privileged Information

November 6, 2014

### Highlights:

**Turnover: 158.6 M€**

(157.8 M€ in 9M13)

**EBITDA: 9.9 M€**

(11.4 M€ in 9M13)

**Net Profit: 2.0 M€**

(4.6 M€ in 9M13)

**Net Cash: -0.8 M€**

(20.3 M€ in 12M13)

### Message from the CEO - Luís Paulo Salvado

"The results now disclosed are aligned with our strategic priorities and reflect the very challenging conditions in the domestic market.

Excluding TV/SIP business, sold in 2013, the Turnover increased by 8%, strongly driven by the non-domestic activity. The comparable international growth was 51%, and already accounts for 38% of total business. Services also increased its weight to 69% of the total business, thanks to a 9% growth.

EBITDA decreased by 14% due to the high pressure on prices in the domestic market and as a result of the costs associated with the enhancement of the internationalization strategy. Net Profit registered a contraction of 55%, penalized by the Financial Results, which reflect the new situation of the company balance sheet and the greater international exposure. Since the beginning of the year, the cash declined by 21 M€, mainly due to investment in working capital and payment of dividends.

Excluding the shareholder remuneration, Novabase share price maintained its valuation in the first nine months of the year, with a performance above the PSI 20 and below Eurostoxx Technology.

Given the robustness of our commercial pipeline for the Q4, we are working to comply with the guidance, despite the very challenging and demanding conditions in the domestic market."

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Report available on website :  
[www.novabase.pt](http://www.novabase.pt)

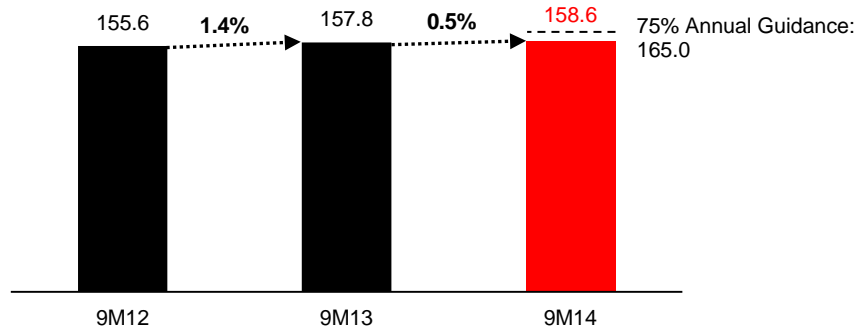
Novabase SGPS, S.A.  
Public Company . Euronext code: NBA.AM .  
Registered in TRO of Lisbon and Corporate Tax Payer nº 502.280.182 . Share Capital: 15,700,697.00 € .  
Head Office: Av. D. João II, 34, 1998-031 Lisbon - PORTUGAL



## 1. Key Indicators Evolution

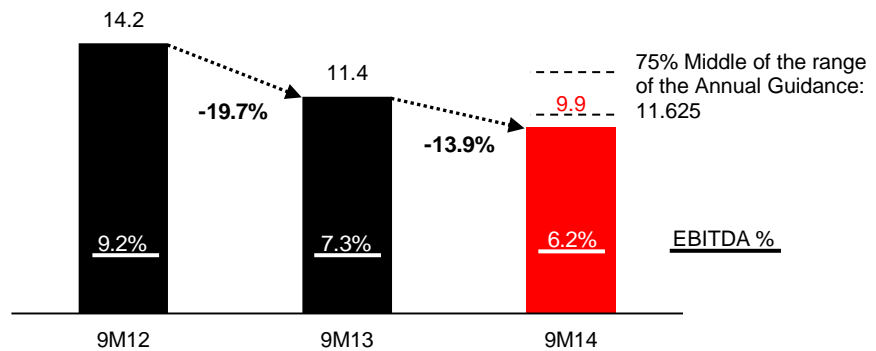
### Turnover (M€)

Turnover below the annual Guidance linearized of 220 M€ (-3.8%), due to the contraction of business in Portugal, despite the significant international growth. Removing the effect of the sale of the DTV/SIP business, Turnover shows 7.7% growth, YoY.



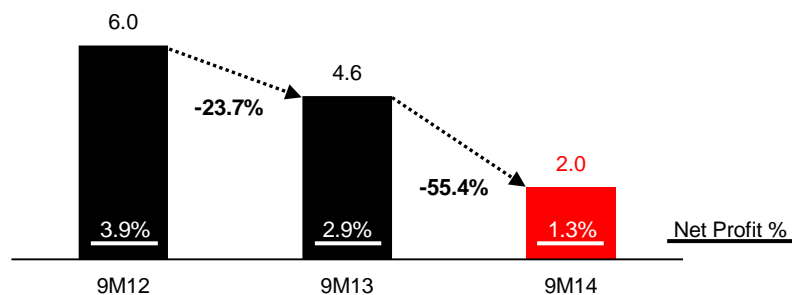
### EBITDA (M€)

EBITDA below the range of the annual Guidance linearized of 14-17 M€ and 6.4%-7.7% of margin: -15.3% below the middle of the range (-0.8 points %).



### Net Profit (M€)

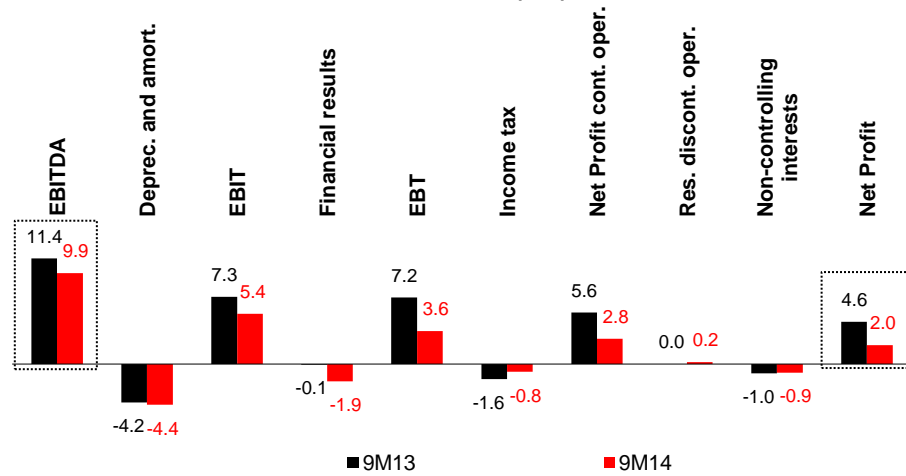
Evolution of profitability penalized by the degradation of margins in the domestic market and by the reinforcement of the international expansion strategy.



Earnings per share (EPS) in 9M14 reached 0.07 euros per share, registering a decrease of 55.9% towards the EPS from the previous year of 0.15 euros per share.



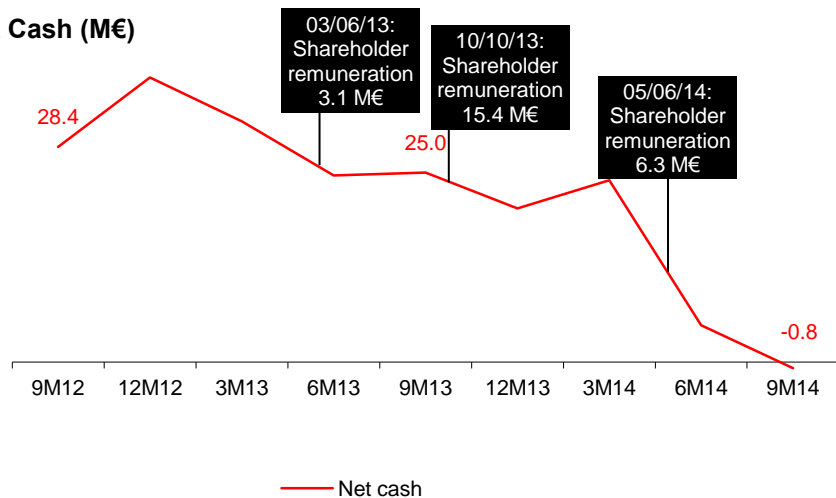
**From EBITDA to Net Profit 9M14 Vs 9M13 (M€)**



The Financial Results reached a net negative value of 1.9 M€, a decrease of 1.8 M€, especially due to the foreign exchange differences recorded and because of the decline in the short term bank deposits gains compared to the same period of last year.

Results from discontinued operations in 9M14 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.

**Net Cash (M€)**



Cash use of 21.1 M€ includes the payment of dividends to Shareholders and Non-controlling interests and a significant investment in working capital.

In the 9M14, Novabase shows a negative evolution in cash generation. Novabase ended the 9M14 with -0.8 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). Additionally, this quarter, occurred the payment of 1.4 M€ to Non-controlling interests.



## 2. Short Summary of the Activity

The first nine months of 2014 were 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 increased by 0.5%, affected by the sale of the Digital TV/SIP area. Removing this effect, the international business grew 51.0%, and now accounts for 38.1% of the total business, above the annual goal of 35%. In the nine months of 2014, the weight of services increased to 68.8%. EBITDA registered a decrease of 13.9%, 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 nine months of 2014, are below the Turnover Guidance (-3.8%), and below the range of the EBITDA Guidance (-15.3% in value and -0.8 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 9M12 and 9M13, which are included in the Venture Capital area:

Digital TV/SIP business	9M12	9M13
Turnover (M€)	8.269	10.523
EBITDA (M€)	-1.580	-0.928

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, City Pulse, a company with differentiated expertise in the areas of mobility and smart-cities, and Livian Technologies, a company dedicated to developing intelligent multichannel solutions for the financial sector.



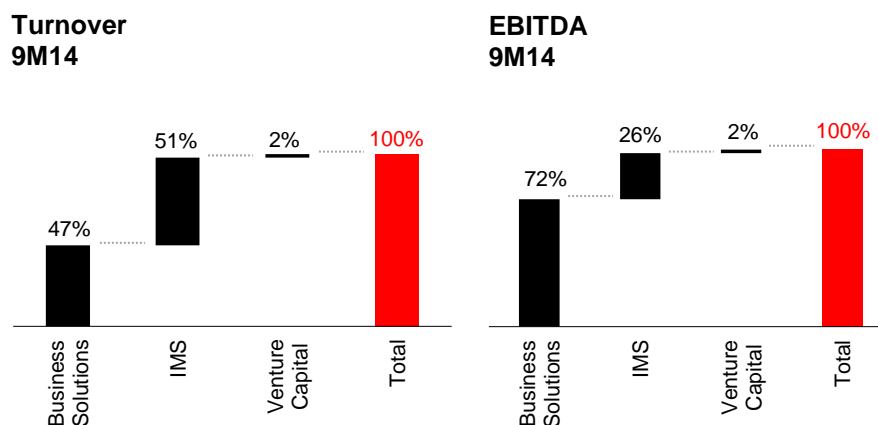


Also worthy of note, is the distinction of Novabase IMS which was given the “Growth” award in the Enterprise Group category, during the annual HP partners gala, HP Partners Awards 2014. This award highlights Novabase IMS for being the partner who grew the most in the business areas of Systems, Storage, 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. This subsidiary was also highlighted in the categories of Contact Centre Workforce Optimization and Contact Centres IP-Based, together with the category of Private Cloud Communications, in the Gartner 2014 Hype Cycle for Contact Centre Infrastructure and the 2014 Hype Cycle for Unified Communications and Collaboration.

Additionally, highlight the new certifications from Microsoft achieved in Angola and Mozambique: Gold certification in Volume Licensing, Gold certification in Server Platform and Silver certification in Collaboration and Content. Novabase continues to invest in internationalization, with certifications being a key differentiating factor.

Finally, mentioning the distinction of Novabase by Thomson Reuters as the Best Company in Investor Relations in Portugal, in the category of Small Caps.

The percentage breakdown of Turnover and EBITDA by the different businesses, in the 9M14, 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 9M14, the services rendered represent 68.8%, which compares to 63.6% in 9M13.

Of the 158.6 M€ Turnover, 38.1% is generated outside Portugal, that is 60.5 M€, which compares to the 50.6 M€ registered in 9M13.

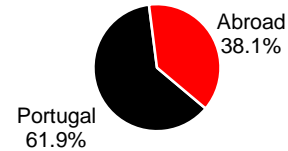
However, it is to be noted that in 9M13 the Digital TV/SIP business was still being consolidated, which contributed with 10.5 M€, that is 20.8% of total Turnover generated outside of Portugal.



**Turnover by geography 9M13**

**Turnover by geography 9M14**

International Turnover increased by 51.0%, removing the effect of the sale of the Digital TV/SIP business.



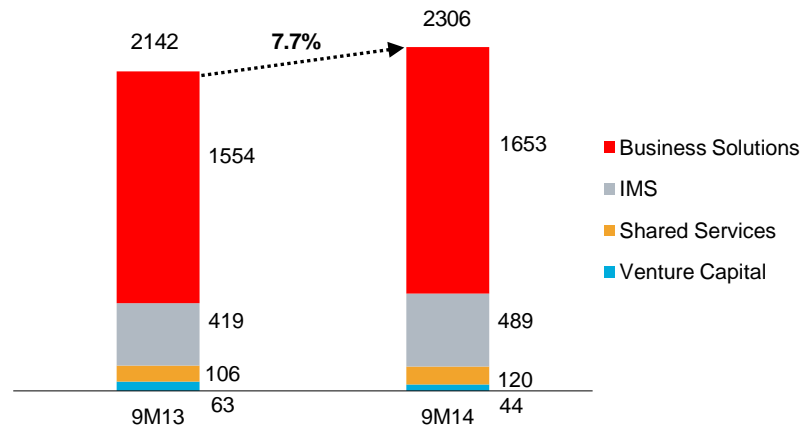
Business outside Portugal generated in the Business Solutions area increased to 40.0% of the respective invoicing (31.2% in 9M13). In the IMS business area, the international business in 9M14 increased to 35.3% (21.6% in 9M13) and in the Venture Capital area decreased to 65.6% (91.9% in 9M13 but 61.7% in 9M13 without Digital TV/SIP business).

Novabase had on average, in the 9M14, 2306 employees, which represents an increase of 7.7% compared to the 9M13 (2142).

Employee breakdown by business area, in 9M14, is as follows:

**Average Number of Employees**

Average number of employees' evolution in line with the services growth (8.6%). Includes the talent renovation by the recruitment of 117 university graduates through Novabase Academy program, which had its first edition in Angola and second edition in Mozambique.



**Average Number of Employees by geography 9M13**

**Average Number of Employees by geography 9M14**

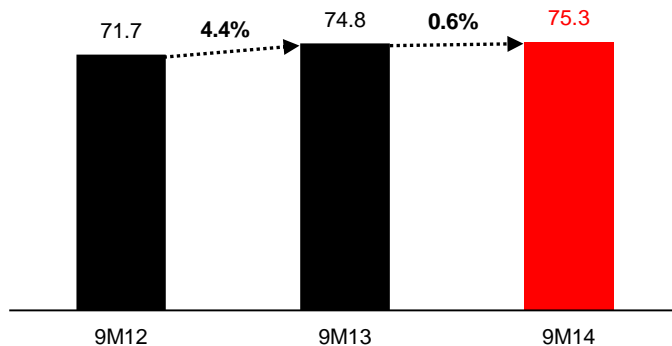
Removing the effect of the sale of the Digital TV/SIP subsidiaries, the international team grew 27.0%, according to the focus of Novabase on markets outside Portugal.





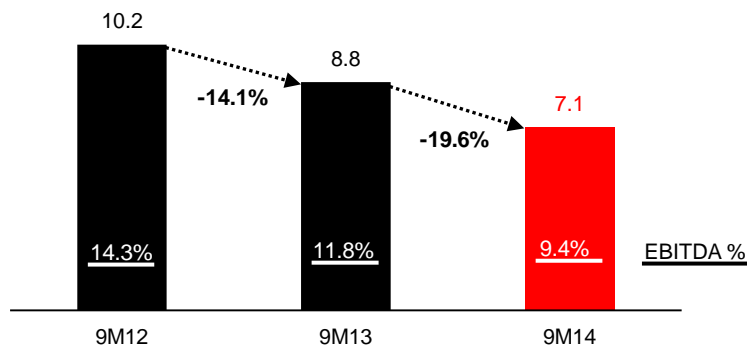
## 2.1. Business Solutions

### Turnover Business Solutions (M€)



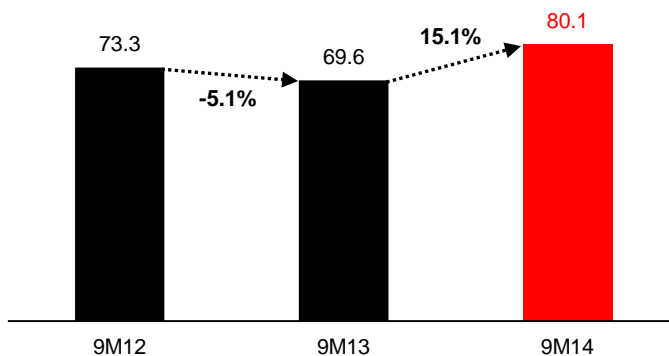
Despite the growth of the international component (+29.1%), BS evolution reflects the strong pressure on prices in the domestic market and the costs associated to the intensification of the international expansion strategy.

### EBITDA Business Solutions (M€)



## 2.2. Infrastructures & Managed Services

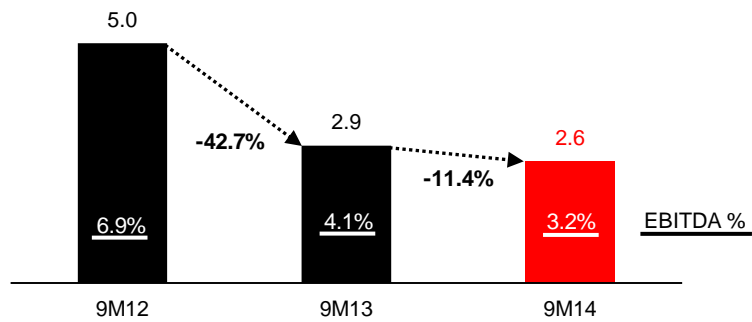
### Turnover IMS (M€)





**EBITDA IMS (M€)**

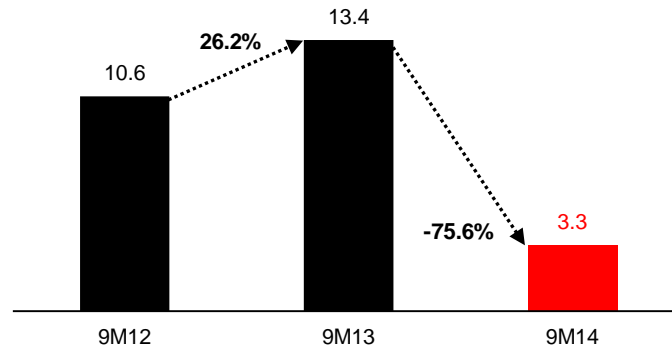
IMS evolution is due to the significant international growth (+88.4%), which partially offset the difficulties experienced in the domestic market.



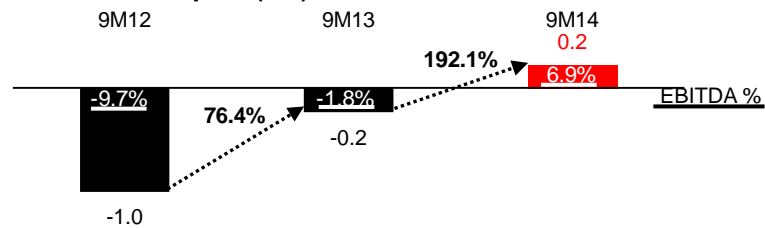
**2.3. Venture Capital**

**Turnover Venture Capital (M€)**

VC evolution primarily reflects the exit of the Digital TV/SIP business.



**EBITDA Venture Capital (M€)**



**3. Stock Performance**

Excluding the shareholder remuneration, Novabase share price would have registered an appreciation of 0.4%.

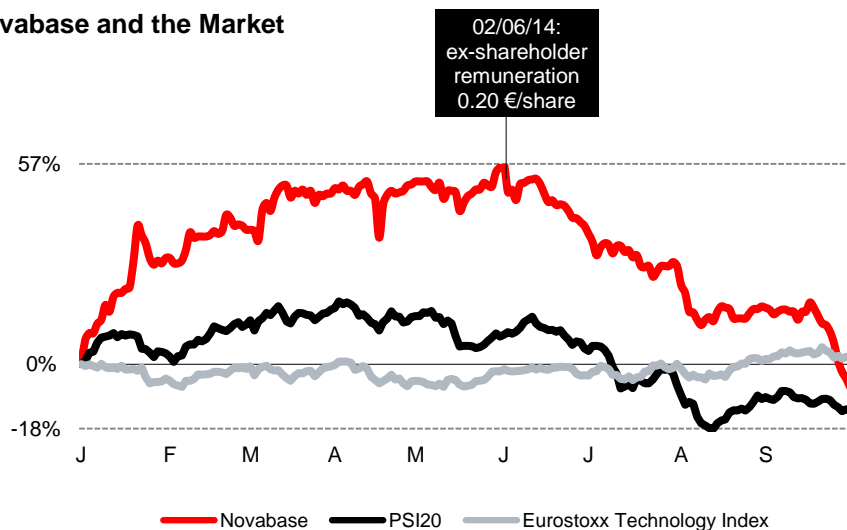
Novabase share price in 9M14 lost 7.2%, comparing to a 12.5% loss in the PSI20 Index and a 2.2% gain in the EuroStoxx Technology Index.

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



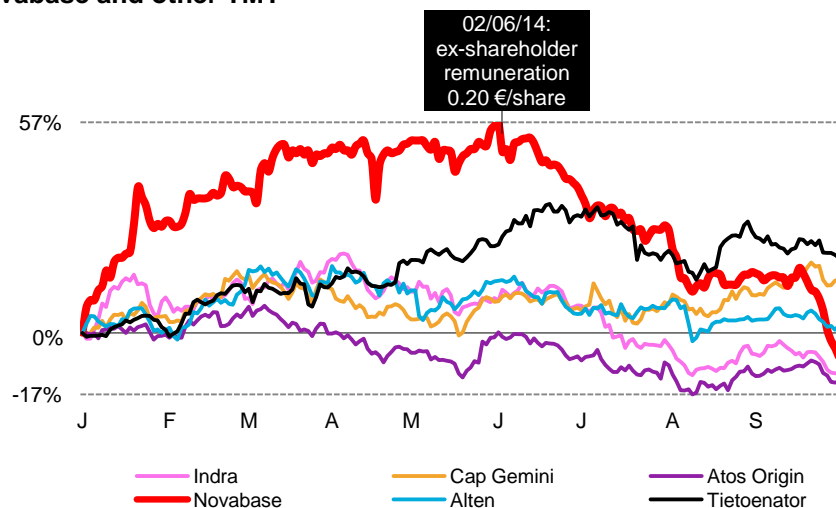


### Novabase and the Market



The evolution of Novabase share prices compared to other companies in the IT sector in Europe, in 9M14, was as follows:

### Novabase and other TMT



In the end of the third quarter of 2014, Novabase presented a Price to Sales multiple of 0.37x and a Price to Earnings multiple of 13.72x, which represents a discount of 54% and 27%, respectively, compared to the average of other companies in the sector in Europe (source: Reuters, ttm values at 30/9).

Average upside of 54.9%, according to the analysts who cover Novabase.

The average price target disclosed by the analysts who cover Novabase is 3.75 euros.

Rotation in 9M14 represented 14.6% of the capital and 4.6 million shares were traded, below the values in 9M13 (rotation of 19.1% of the capital and 6.0 million shares traded).

Summary	3Q14	2Q14	1Q14	4Q13	3Q13
Minimum price (€)	2.421	3.551	2.790	2.610	2.310
Maximum price (€)	3.520	4.100	3.940	3.110	3.080
Volume weighted average price (€)	3.089	3.892	3.447	2.868	2.735
Closing price at the end of the Quarter (€)	2.421	3.580	3.920	2.610	3.080
Nr. of shares traded	1,417,140	1,283,056	1,898,155	2,314,482	1,929,789
Market cap in the last day (M€)	76.0	112.4	123.1	82.0	96.7



## 4. Outlook 2014

The results of the nine months of 2014 are in line with the management priorities set for the year. Thus, the international business accounts for 38.1% of the total business, and the weight of services grew to 68.8%. Turnover registered a slight increase of 0.5%, affected by the exit of the Digital TV/SIP business. EBITDA decreased by 13.9%, year on year, 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 last quarter we reaffirm the continuity of the strategic focus on internationalization. Despite the very challenging and demanding conditions in the domestic market, given the robustness of our commercial pipeline, we are committed to compliance with the guidance for the FY14.

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

	30.09.14	31.12.13
	(Thousands of Euros)	
<b>Assets</b>		
Tangible assets	5,719	6,120
Intangible assets	30,100	32,095
Financial investments	2,371	2,217
Deferred income tax assets	15,762	14,901
Other non-current assets	7,770	4,868
<b>Total Non-Current Assets</b>	<b>61,722</b>	<b>60,201</b>
Inventories	6,008	8,925
Trade debtors and accrued income	98,480	85,296
Other debtors and prepaid expenses	17,451	21,806
Derivative financial instruments	463	514
Financial assets held for trading	-	5,015
Cash and cash equivalents	16,612	32,942
<b>Total Current Assets</b>	<b>139,014</b>	<b>154,498</b>
<b>Assets for continuing operations</b>	<b>200,736</b>	<b>214,699</b>
<b>Assets for discontinued operations</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>200,736</b>	<b>214,699</b>
<b>Shareholders' Equity</b>		
Share capital	15,701	15,701
Treasury shares	(29)	(295)
Share premium	43,560	43,560
Reserves and retained earnings	25,473	23,756
Net profit	2,047	7,510
<b>Total Shareholders' Equity</b>	<b>86,752</b>	<b>90,232</b>
Non-controlling interests	11,791	11,522
<b>Total Equity</b>	<b>98,543</b>	<b>101,754</b>
<b>Liabilities</b>		
Bank borrowings	9,581	13,024
Finance lease liabilities	1,014	1,007
Provisions	1,727	4,386
Deferred income tax liabilities	-	100
Other non-current liabilities	70	70
<b>Total Non-Current Liabilities</b>	<b>12,392</b>	<b>18,587</b>
Bank borrowings	7,993	6,202
Trade payables	18,811	22,268
Other creditors and accruals	34,212	40,736
Derivative financial instruments	1,428	77
Deferred income	27,256	24,755
<b>Total Current Liabilities</b>	<b>89,700</b>	<b>94,038</b>
<b>Total Liabilities for cont. operations</b>	<b>102,092</b>	<b>112,625</b>
<b>Total Liabilities for discount. operations</b>	<b>101</b>	<b>320</b>
<b>Total Liabilities</b>	<b>102,193</b>	<b>112,945</b>
<b>Total Equity and Liabilities</b>	<b>200,736</b>	<b>214,699</b>
Net Cash	(824)	20,271

**Consolidated Income Statement  
for the period of 9 months ended 30 September 2014**

	30.09.14	30.09.13	Var. %
	(Thousands of Euros)		
<b>CONTINUING OPERATIONS</b>			
Sale of goods	49,576	57,366	
Cost of goods sold	(44,862)	(49,457)	
<b>Gross margin</b>	<b>4,714</b>	<b>7,909</b>	<b>-40.4 %</b>
<i>Other income</i>			
Services rendered	109,073	100,417	
Supplementary income and subsidies	228	145	
Other operating income	1,372	1,121	
	<b>110,673</b>	<b>101,683</b>	
	<b>115,387</b>	<b>109,592</b>	
<i>Other expenses</i>			
External supplies and services	(41,483)	(39,849)	
Employee benefit expense	(65,185)	(59,336)	
Provisions reversal	2,766	1,715	
Other operating expenses	(1,633)	(681)	
	<b>(105,535)</b>	<b>(98,151)</b>	
<b>Gross Net Profit (EBITDA)</b>	<b>9,852</b>	<b>11,441</b>	<b>-13.9 %</b>
Depreciation and amortization	(4,405)	(4,164)	
<b>Operating Profit (EBIT)</b>	<b>5,447</b>	<b>7,277</b>	<b>-25.1 %</b>
Financial results	(1,857)	(58)	
<b>Net Profit before taxes (EBT)</b>	<b>3,590</b>	<b>7,219</b>	<b>-50.3 %</b>
Income tax expense	(831)	(1,627)	
<b>Net Profit from continuing operations</b>	<b>2,759</b>	<b>5,592</b>	<b>-50.7 %</b>
<b>DISCONTINUED OPERATIONS</b>			
<b>Net Profit from discount. operations</b>	<b>219</b>	<b>-</b>	
Non-controlling interests	(931)	(998)	
<b>Attributable Net Profit</b>	<b>2,047</b>	<b>4,594</b>	<b>-55.4 %</b>
<b>Other information:</b>			
Turnover	158,649	157,783	<b>0.5 %</b>
Gross margin from sales %	9.5 %	13.8 %	
EBITDA margin	6.2 %	7.3 %	
EBT % on Turnover	2.3 %	4.6 %	
Net profit % on Turnover	1.3 %	2.9 %	

**Consolidated Income Statement by SEGMENTS**  
**for the period of 9 months ended 30 September 2014**

(Thousands of Euros)

	<b>Business Solutions</b>	<b>IMS</b>	<b>Venture Capital</b>	<b>Discontin. Operations</b>	<b>NOVABASE</b>
<b>CONTINUING OPERATIONS</b>					
Sale of goods	183	49,074	319	-	<b>49,576</b>
Cost of goods sold	(139)	(44,680)	(43)	-	<b>(44,862)</b>
<b>Gross margin</b>	<b>44</b>	<b>4,394</b>	<b>276</b>	<b>-</b>	<b>4,714</b>
<b>Other income</b>					
Services rendered	75,117	31,023	2,933	-	<b>109,073</b>
Supplementary income and subsidies	158	70	-	-	<b>228</b>
Other operating income	892	174	306	-	<b>1,372</b>
	<b>76,167</b>	<b>31,267</b>	<b>3,239</b>	<b>-</b>	<b>110,673</b>
	<b>76,211</b>	<b>35,661</b>	<b>3,515</b>	<b>-</b>	<b>115,387</b>
<b>Other expenses</b>					
External supplies and services	(21,946)	(18,170)	(1,367)	-	<b>(41,483)</b>
Employee benefit expense	(47,938)	(15,591)	(1,656)	-	<b>(65,185)</b>
Provisions reversal	1,137	1,073	556	-	<b>2,766</b>
Other operating expenses	(392)	(416)	(825)	-	<b>(1,633)</b>
	<b>(69,139)</b>	<b>(33,104)</b>	<b>(3,292)</b>	<b>-</b>	<b>(105,535)</b>
<b>Gross Net Profit (EBITDA)</b>	<b>7,072</b>	<b>2,557</b>	<b>223</b>	<b>-</b>	<b>9,852</b>
Depreciation and amortization	(3,179)	(1,012)	(214)	-	<b>(4,405)</b>
<b>Operating Profit (EBIT)</b>	<b>3,893</b>	<b>1,545</b>	<b>9</b>	<b>-</b>	<b>5,447</b>
Financial results	(955)	(933)	31	-	<b>(1,857)</b>
<b>Net Profit / (Loss) before Taxes (EBT)</b>	<b>2,938</b>	<b>612</b>	<b>40</b>	<b>-</b>	<b>3,590</b>
Income tax expense	(289)	(911)	369	-	<b>(831)</b>
<b>Net Profit / (Loss) from cont. operations</b>	<b>2,649</b>	<b>(299)</b>	<b>409</b>	<b>-</b>	<b>2,759</b>
<b>DISCONTINUED OPERATIONS</b>					
<b>Net Profit from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>219</b>	<b>219</b>
Non-controlling interests	(736)	(21)	(174)	-	<b>(931)</b>
<b>Attributable Net Profit / (Loss)</b>	<b>1,913</b>	<b>(320)</b>	<b>235</b>	<b>219</b>	<b>2,047</b>
Other information :					
Turnover	75,300	80,097	3,252	-	<b>158,649</b>
EBITDA	7,072	2,557	223	-	<b>9,852</b>
EBITDA % on Turnover	9.4%	3.2%	6.9%	-	<b>6.2%</b>
EBT % on Turnover	3.9%	0.8%	1.2%	-	<b>2.3%</b>