

NOVABASE

Privileged Information

NEXT-GEN
IT SERVICES
COMPANY

NOVABASE

FY19

Consolidated Results

February 20, 2020

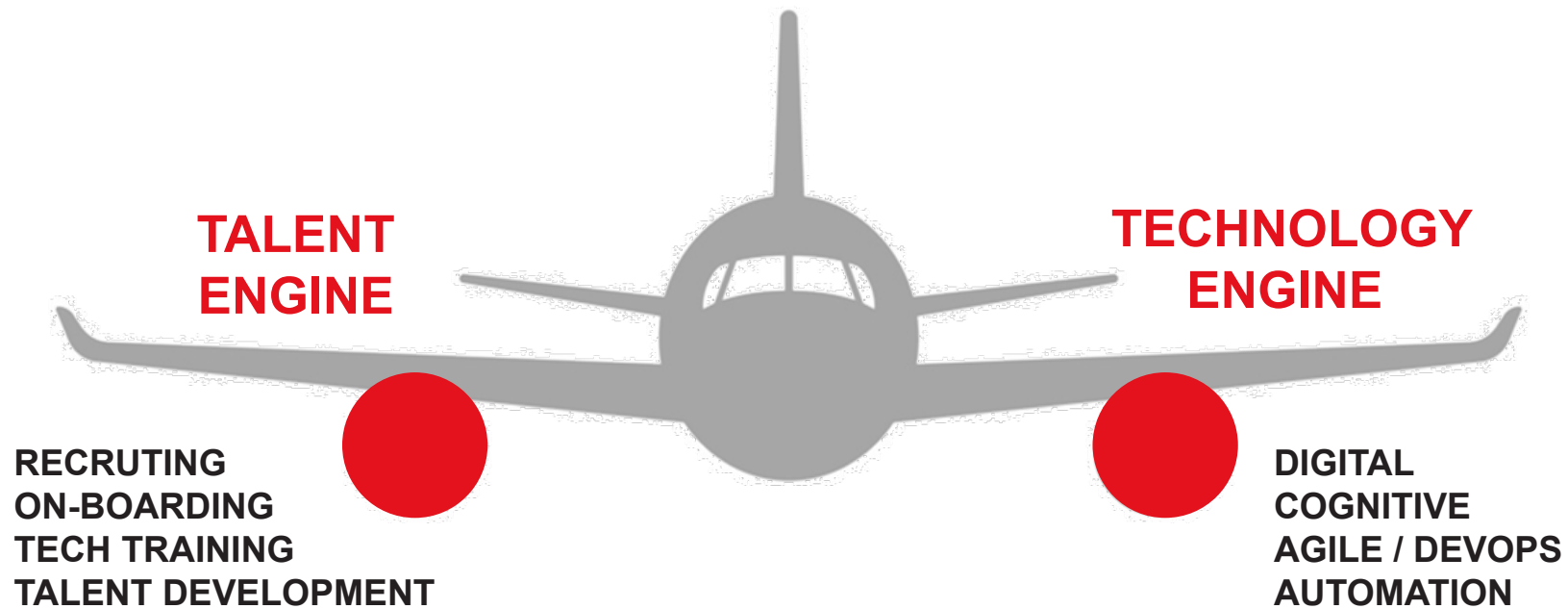
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A strategic positioning to capture the future

Propelled by great talent and technology



NEXT-GEN IT

- Design & UX
- Insights Through Data
- Cloud native & scalable
- Digital Architecture
- API Exposure
- AI / Analytics
- Test Automation & Engineering
- Continuous Delivery
- Intelligent Operations

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Our ambition in big numbers

Bulk of Transformation until 2021



Regions: Focus on Europe and Middle East

Client: Multi Industry (starting with Telco and Financial Services)
Committed to Digital
Looking for long term partnerships

Next-Gen

x2 Turnover 2023 vs. 2018

- Through M&A and organic growth
- >90% international business in 2023
- Long term client relationships with few large accounts

Double-digit EBITDA margin in 2023

Value Portfolio

Generate funds to support Next-Gen growth

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FY19 Outlook



CEO

Message from João Nuno Bento

"I strongly believe 2019 was a remarkable year for Novabase.

A new Strategic Direction was approved, setting the conditions for the execution of a clear and compelling value creation roadmap.

The divestment of the GTE Business for 36 M€ (completed on January 9, 2020) was a key achievement, allowing Management to focus on the Next-Gen Transformation agenda.

Value Portfolio segment assets performed much above our expectations delivering 15% revenue growth on the operations side and generating a 6.7 M€ financial gain mainly due to the Feedzai valuation re-appraisal within the VC Portfolio.

Next-Gen segment results came out in line with our estimates considering the investments in Talent Engine, a reset on geographical focus and a management overhaul.

On the Financials, I would underline the following key achievements:

- *Turnover increased 9% YoY;*
- *Next-Gen represents 68% of total Turnover;*
- *EBITDA reached 9.4 M€ (7.8% on revenue);*
- *Net Profit was 20.4 M€ (0.66 € per share);*
- *9 M€+ were repatriated from Angola significantly lowering the balance sheet exposure to this geography;*
- *Talent Pool increased 9%, in line with Turnover;*
- *FY19 Total Shareholder Return was 60%;*
- *The cash position is now at 34.1 M€ (does not yet reflect the cash inflow related to the GTE Business disposal);*
- *The Board will propose a 0.85 € per share cash distribution on next GMS, which fulfills the commitment made to Shareholders to distribute 1.5 €/share in 2019-2023.*

Thank You All for your support!"

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2019 in Review

NEW STRATEGY LAUNCHED

Approved by the Board and disclosed in July 2019.

GMS held on September 26, 2019, voted for a new executive Board Member to lead Next-Gen Segment, a Stock Options plan and a Share Buy-back program, and an extraordinary remuneration of 0.5 €/share.

EURONEXT AWARD

Novabase was distinguished by the Euronext as the “SME Equity Champion” for delivering the highest TSR.

NEXT-GEN HONOURED!

The FinTech & RegTech Global Awards recognized Symetria® as the best reporting and compliance data management solution.

Celfocus awarded an honourable mention at the World Agility Forum for the consistent dedication and collaboration in implementing agile transformation initiatives.

Strategy

Execution

Awards

Celebrations

FOCUS ON TRANSFORMATION

Next-Gen working on growth through scaling up its Talent engine & developing structures to enlarge access to international clients.

Value Portfolio generating value to fund growth in Next-Gen: recent sale of “the Government, Transport and Energy business” to VINCI Energies for a Price to Sales 2019 multiple of 1x subject to final adjustments.

HAPPY BIRTHDAY TO US!

2019 was the year we celebrated 30 years of success and transformation. The first Alumni party was held, bringing together current and former employees

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Relevant Information



Sale of GTE Business

Completion of the sale of Government, Transport and Energy Business

- As at November 4, 2019, Novabase has entered into a **sale and purchase agreement with VINCI Energies Portugal, SGPS, S.A. (“VEP”) to sell its “Application and Data Analytics” business for the Government, Transport and Energy (“GTE Business”)**, through the sale of the shares representing the entire share capital of Novabase Digital S.A. as well as the transfer of the economic value and of employees assigned to the GTE Business in other companies of the Group;
- The **agreed purchase price was 33 M€**, to be paid on the completion date of the transaction, subject to certain adjustments, as foreseen in the sale and purchase agreement;
- **A potential earn-out of 3 M€ may be added** to the agreed purchase price, depending on the final performance of the GTE Business in the financial year of 2019;
- **The sale was substantially completed at the end of 2019** after verification of the relevant conditions precedent under the Agreement, and at January 9, 2020, the agreed purchase price was paid. The final price is still subject to positive and negative adjustments, resulting from the final calculation of price mechanisms clauses in the Agreement;
- **As a result, Novabase recorded**, with reference to December 31, 2019, **the gain on the sale of GTE Business to VEP, in the amount of 12.0 M€**; the gain considers the achievement of 100% of the earn-out;
- To be noted that GTE Business represented a turnover of 35 M€ in 2019 and employed around 400 employees.

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Financial Highlights

FY19 performance: Strategy 2019+ in motion!

Turnover and EBITDA do not include the GTE Business, discontinued in 4Q19, for all periods in this presentation.

- **Turnover increased 9% YoY**, with Next-Gen representing 68%
- **Next-Gen International Turnover was 90% on Europe & ME**
- **EBITDA of 9.4 M€**, including the positive effect of IFRS16
- **Net Profit** sets a new record, reaching **20.4 M€**, benefiting from the gain on sale of GTE Business
- **Solid Net Cash position** of 34.1 M€
- **Talent pool** increased 9% YoY, reaching **1838 employees**
- **Total Shareholder Return of 60%** in FY19

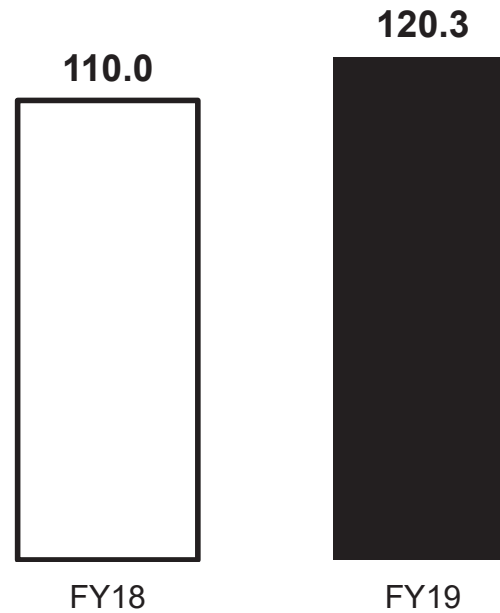
Key Figures



Turnover

Turnover increased **9%** YoY, with Next-Gen representing **68%**

Turnover



FY18

FY19

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Breakdown by Geography (%) ⁽¹⁾

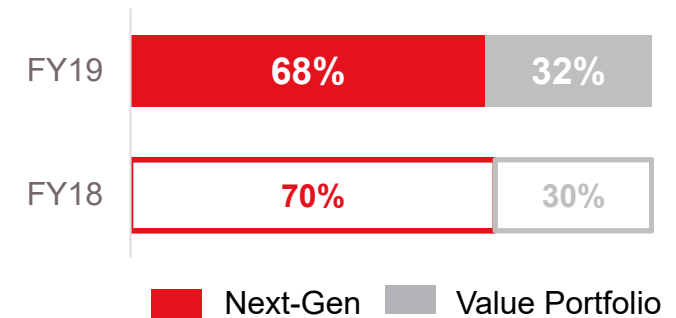


42.3% Vs. 41.5%



57.7% Vs. 58.5%

Breakdown by Segment (%)



■ Next-Gen ■ Value Portfolio

(1) The Turnover by Geography in the FY19 was computed based on the executed project geography instead of the invoiced client geography, with the FY18 restated.

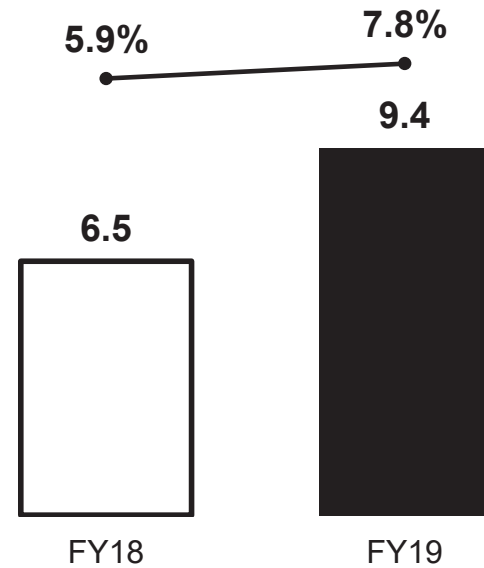
Key Figures



EBITDA

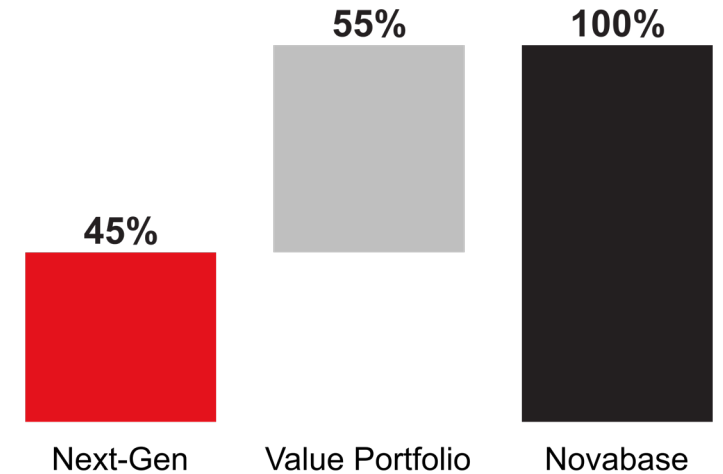
EBITDA of 9.4 M€, including the positive effect of IFRS16

EBITDA ⁽¹⁾



— EBITDA Margin

Breakdown by Segment (%)



(1) Positive effect of IFRS16 in FY19 EBITDA of 3.0 M€.

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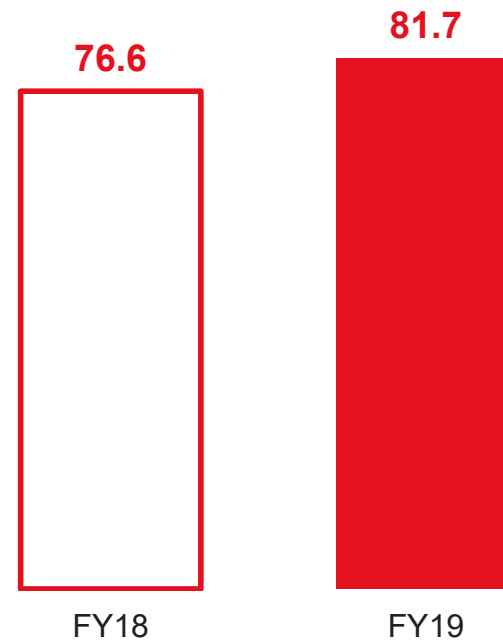
Key Figures



Next-Gen Segment

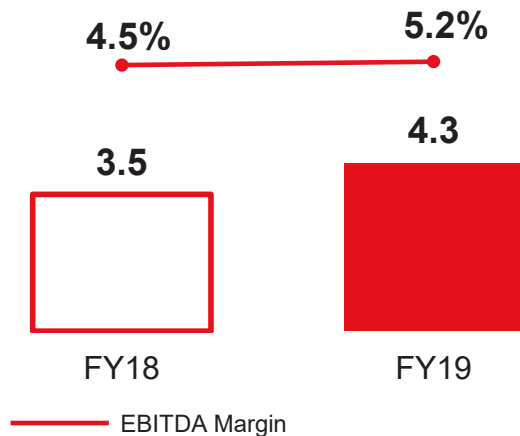
Next-Gen Turnover grows 7% YoY...

Turnover



... and working on strategic initiatives

EBITDA (1)



(1) Positive effect of IFRS16 in FY19 EBITDA of 1.1 M€.

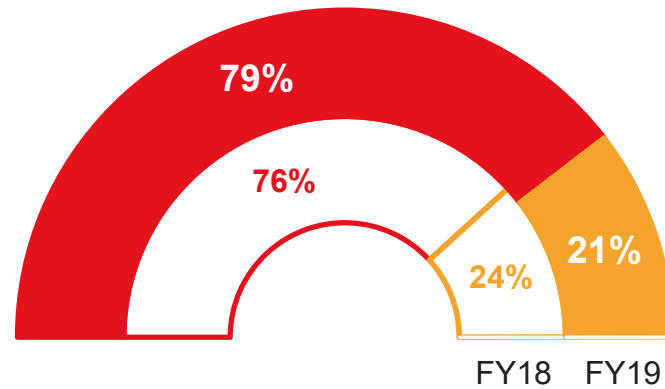
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Key Figures

Next-Gen grows in target markets

Multi Industry approach, with FY19 still focused in Telco.

% of Revenue by Industry



■ Telco ■ Financial Services

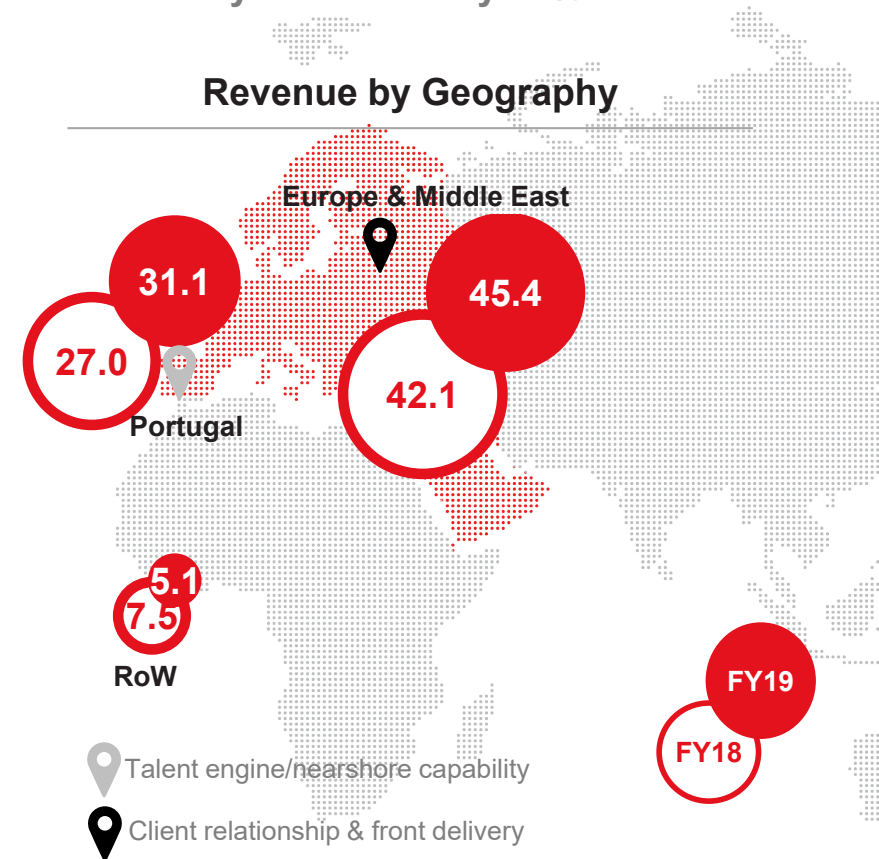
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International Turnover grows 2% YoY.

62% of Next-Gen Turnover generated outside Portugal, with Europe & ME accounting for 90% of it (85% in FY18).

Exposure to geographies with greater volatility decreased by 23% YoY.

Revenue by Geography



Next-Gen Segment

Key Figures

Building long term relationships

Large accounts registered a growth, both in number...

...and in Revenues (increasing 11% YoY).

Top Tier Clients ⁽¹⁾

% of Revenues from Top Tier clients ⁽¹⁾



Note: Total number of clients in FY19 was 102, same number as previous year.

(1) Top Tier clients (>1 M€) considers the Trailing 12 months.



Next-Gen Segment

Key Figures

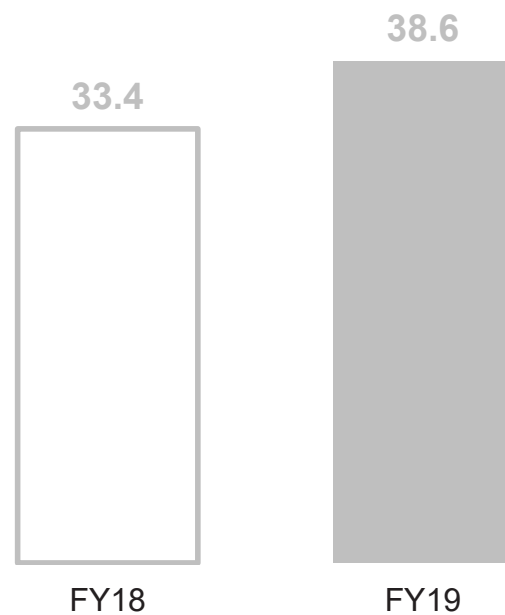


Value Portfolio Segment

Value Portfolio Turnover grows 15% YoY

49% of Value Portfolio Turnover is generated outside Portugal.

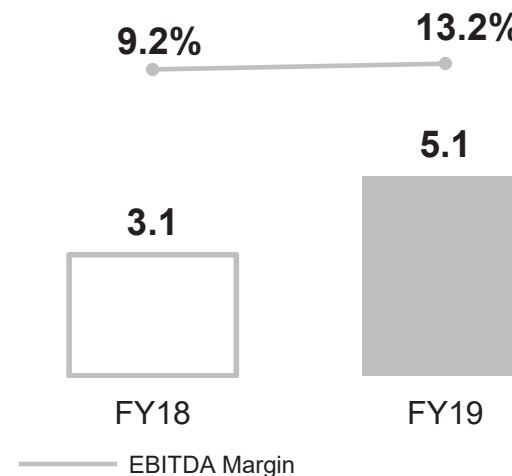
Turnover



Resilient performance in Value Portfolio

Positive performance of the IT Staffing Business.

EBITDA (1)



(1) Positive effect of IFRS16 in FY19 EBITDA of 1.9 M€.

Key Figures



EBITDA to Net Profit

Net Profit sets a new record, 20.4 M€

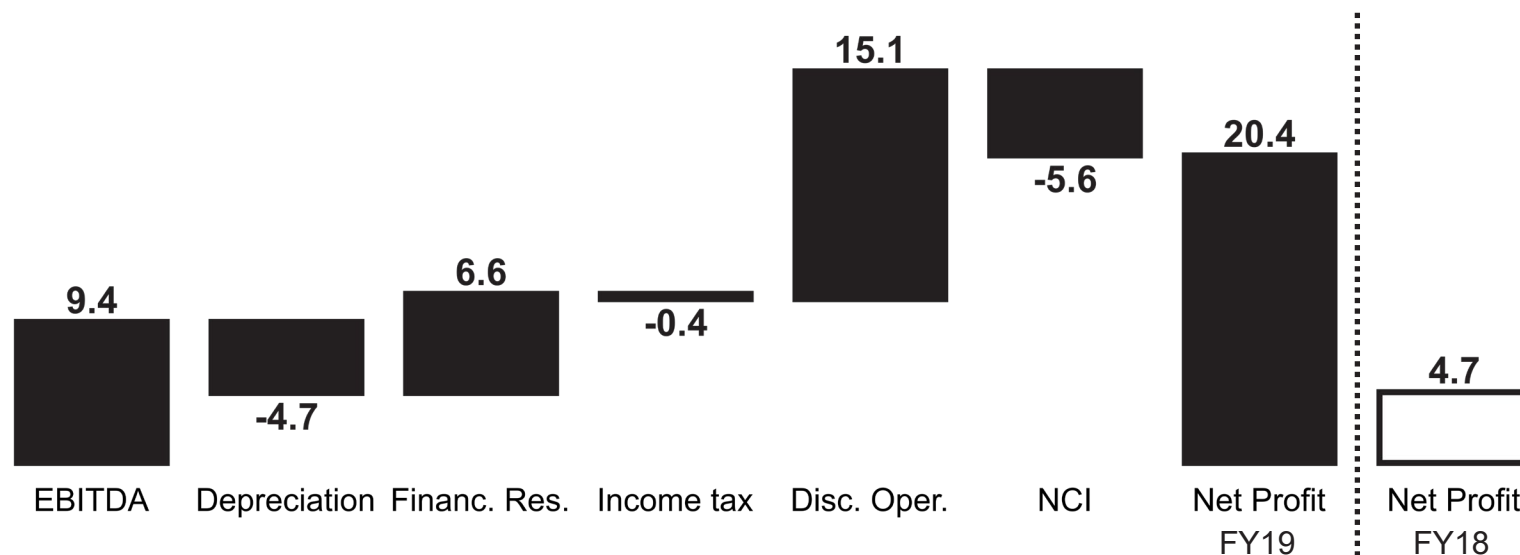
Total earnings per share reached 0.66 euros (Vs. 0.15 euros in FY18).

Depreciation expense increased 87% YoY, reflecting the entry into force of IFRS16⁽¹⁾.

Financial results⁽¹⁾ increased 8.2 M€ YoY, due to the re-evaluation of an investment in the venture capital business, also responsible for the **evolution of NCI** (-5.6 M€ Vs. -0.3 M€ in FY18).

Discontinued Operations reached a **15.1 M€** profit (Vs. 3.3 M€ in FY18), which mainly refers to the results attributable to GTE. In FY19, also **includes the gain on the sale** of this business, amounting to **12.0 M€**.

EBITDA to Net Profit



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(1) Negative effect of IFRS16 in FY19 of 2.7 M€ in depreciation expense and 0.3 M€ in financial results.

Key Figures

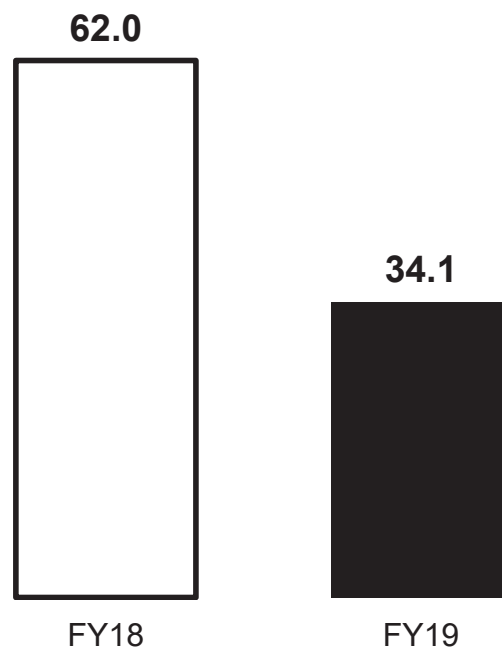


Net Cash

Net Cash position of 34.1 M€

Does not yet reflect the cash inflow from GTE Business disposal.

Net Cash



Cash use of 0.2 M€ in 2019 excluding shareholders remuneration and the payment of dividends to NCI, and disregarding the perimeter variation:

- **20.2 M€ to Shareholders**, corresponding to a regular dividend of 0.15 €/share, paid in June 2019, and an extraordinary remuneration of 0.5 €/share, paid in October 2019;
- **0.5 M€ to Non-Controlling Interests**, paid in September 2019;
- **6.9 M€** of impact of exiting GTE Business.

Note: From the 34.1 M€, 13.5 M€ refers to Non-controlling Interests.

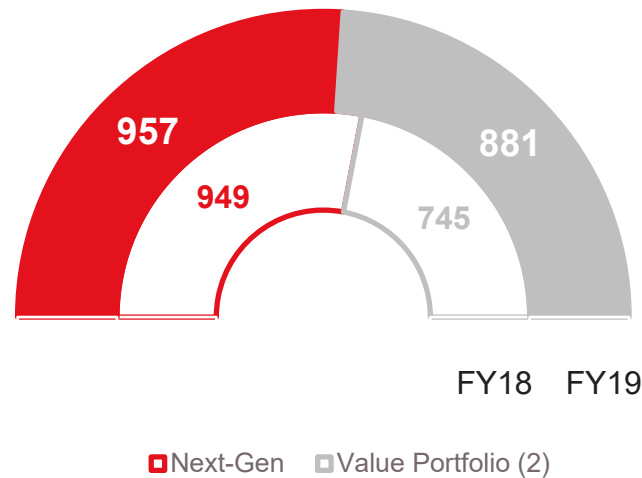
Key Figures



Talent

Talent Pool of 1838 employees in FY19

Average number of Employees ⁽¹⁾



(1) Excluding GTE Business.

(2) Including holding / shared services representing 89 employees in FY19 (87 in FY18).

Talent pool increased 9% YoY.

Next-Gen Turnover per employee increased 6% YoY.

Attrition rate of Next-Gen was 21.1% in FY19, the same as the year before.

Key Figures

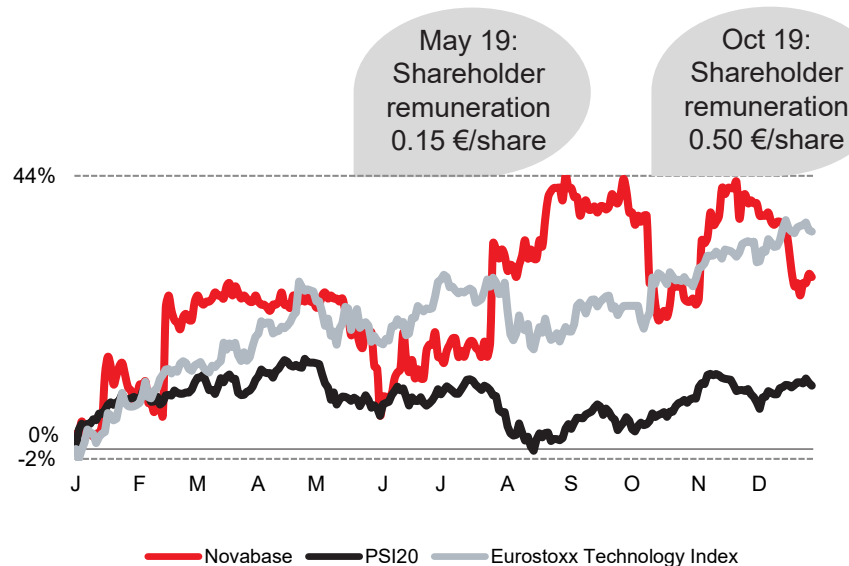


Stock Market

Novabase TSR of 60% in FY19

The Board will propose to the GMS to be held on May 12, a remuneration of 0.85 €/share. This distribution fulfills the commitment made to Shareholders to distribute 1.5 €/share in 2019-2023.

Novabase and the Market



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Novabase share price increased 28% in FY19, while **PSI20 Index** increased 10% and **EuroStoxx Technology Index**, 35%.

The **average price target** disclosed by the research that covers Novabase is **4.70 €**, and the **average upside** is **82%**.

In FY19, a **gross dividend** in the amount of **4.7 M€** (0.15 €/share) was paid to Shareholders. Additionally, it was **paid an extraordinary remuneration of 15.5 M€** (0.50 €/share).

Market Capitalization at the end 2019 is **81.0 M€**, implying a **ttm Price to Sales** of **0.52x**.

Free Float Velocity in FY19 represented **27%** with a free float of 40%⁽¹⁾.

(1) Calculated according to Euronext criteria.

APMs

Alternative Performance Measures



In compliance with
ESMA/2015/141en

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 FY19 and prior period, is analysed in the table on the right.

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

	FY18	FY19
Cash and cash equivalents	63,614	48,755
Debt securities - Non-Current	7,680	403
Debt securities - Current	1,198	2,793
Treasury shares held by the Company ⁽¹⁾	761	972
Bank borrowings - Non-Current	(6,294)	(13,600)
Bank borrowings - Current	(4,959)	(5,194)
Net Cash (Euro thousands)	62,000	34,129

	FY18	FY19
Treasury shares held by the Company	376,611	376,611
Closing price @ last tradable day (€)	2.020	2.580
Treasury shares held by the Company (Euro thousands)	761	972

(1) 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.

About NOVABASE



NEXT-GEN IT SERVICES COMPANY

Company Information

Novabase SGPS, S.A.
Public Company
Euronext code: PTNBA0AM0006
Registered in TRO of Lisbon and
Corporate Tax Payer no.
502.280.182
Share Capital: 54,638,425.56 €
Head Office: Av. D. João II, 34,
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Report available on website:
www.novabase.pt

Next Release

Trading Update 3M20
Thursday, May 14, 2020
(after market closure)

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Consolidated Statement of Financial Position as at 31 December 2019

	31.12.19	31.12.18
	(Thousands of Euros)	
ASSETS		
Tangible assets	2,180	10,235
Intangible assets	12,967	16,065
Right-of-use assets	9,785	-
Financial investments	12,344	4,120
Debt securities	403	7,680
Deferred income tax assets	9,585	10,048
Other non-current assets	1,908	1,644
Total Non-Current Assets	49,172	49,792
Inventories	34	33
Trade debtors and accrued income	40,247	45,727
Other debtors and prepaid expenses	50,403	11,865
Derivative financial instruments	24	26
Debt securities	2,793	1,198
Cash and cash equivalents	48,755	63,614
Total Current Assets	142,256	122,463
Assets for continuing operations	191,428	172,255
Assets for discontinued operations	460	-
Total Assets	191,888	172,255
EQUITY		
Share capital	54,638	15,701
Treasury shares	(655)	(188)
Share premium	226	43,560
Reserves and retained earnings	(5,318)	3,016
Net profit	20,400	4,737
Total Shareholders' Equity	69,291	66,826
Non-controlling interests	18,329	13,754
Total Equity	87,620	80,580
LIABILITIES		
Bank borrowings	13,600	6,294
Finance lease liabilities	-	7,066
Lease liabilities	7,681	-
Provisions	8,623	8,252
Other non-current liabilities	770	990
Total Non-Current Liabilities	30,674	22,602
Bank borrowings	5,194	4,959
Finance lease liabilities	-	1,361
Lease liabilities	3,887	-
Trade payables	8,215	5,469
Other creditors and accruals	32,732	34,930
Derivative financial instruments	17	24
Deferred income	14,854	22,267
Total Current Liabilities	64,899	69,010
Total Liabilities for cont. operations	95,573	91,612
Total Liabilities for discount. operations	8,695	63
Total Liabilities	104,268	91,675
Total Equity and Liabilities	191,888	172,255
Net Cash	34,129	62,000

Consolidated Income Statement for the year ended 31 December 2019

	31.12.19	31.12.18	Var. %
	(Thousands of Euros)		
CONTINUING OPERATIONS			
Sale of goods	374	-	
Cost of goods sold	(253)	-	
Gross margin	121	-	-
Other income			
Services rendered	119,881	110,031	
Supplementary income and subsidies	232	329	
Other operating income	632	492	
	120,745	110,852	
	120,866	110,852	
Other expenses			
External supplies and services	(33,353)	(32,962)	
Employee benefit expense	(76,756)	(72,018)	
(Provisions) / Provisions reversal	(957)	1,236	
Net impairm. losses on financ. assets	253	675	
Other operating expenses	(694)	(1,251)	
	(111,507)	(104,320)	
Gross Net Profit (EBITDA)	9,359	6,532	43.3 %
Restructuring costs	-	-	
Operating Gross Net Profit	9,359	6,532	43.3 %
Depreciation and amortisation	(4,715)	(2,517)	
Operating Profit (EBIT)	4,644	4,015	15.7 %
Financial results	6,582	(1,581)	
Gain on net monetary position	-	308	
Net Profit before taxes (EBT)	11,226	2,742	309.4 %
Income tax expense	(353)	(994)	
Net Profit from continuing operations	10,873	1,748	522.0 %
DISCONTINUED OPERATIONS			
Net Profit from discount. operations	15,103	3,266	362.4 %
Non-controlling interests	(5,576)	(277)	
Attributable Net Profit	20,400	4,737	330.7 %
Other information:			
Turnover	120,255	110,031	9.3 %
EBITDA margin	7.8 %	5.9 %	
EBT % on Turnover	9.3 %	2.5 %	
Net profit % on Turnover	17.0 %	4.3 %	

Consolidated Income Statement by SEGMENTS for the year ended 31 December 2019

(Thousands of Euros)

	Value Portfolio	Next-Gen	NOVABASE
CONTINUING OPERATIONS			
Sale of goods	-	374	374
Cost of goods sold	-	(253)	(253)
Gross margin	-	121	121
Other income			
Services rendered	38,583	81,298	119,881
Supplementary income and subsidies	142	90	232
Other operating income	511	121	632
	39,236	81,509	120,745
	39,236	81,630	120,866
Other expenses			
External supplies and services	(1,632)	(31,721)	(33,353)
Employee benefit expense	(33,084)	(43,672)	(76,756)
(Provisions) / Provisions reversal	804	(1,761)	(957)
Net impairm. losses on financ. assets	156	97	253
Other operating expenses	(374)	(320)	(694)
	(34,130)	(77,377)	(111,507)
Gross Net Profit (EBITDA)	5,106	4,253	9,359
Depreciation and amortisation	(3,041)	(1,674)	(4,715)
Operating Profit (EBIT)	2,065	2,579	4,644
Financial results	6,740	(158)	6,582
Gain on net monetary position	-	-	-
Net Profit / (Loss) before Taxes (EBT)	8,805	2,421	11,226
Income tax expense	(823)	470	(353)
Net Profit / (Loss) from cont. operations	7,982	2,891	10,873
DISCONTINUED OPERATIONS			
Net Profit from discontinued operations	15,103	-	15,103
Non-controlling interests	(3,749)	(1,827)	(5,576)
Attributable Net Profit / (Loss)	19,336	1,064	20,400
Other information :			
Turnover	38,583	81,672	120,255
EBITDA	5,106	4,253	9,359
EBITDA % on Turnover	13.2%	5.2%	7.8%
EBT % on Turnover	22.8%	3.0%	9.3%